RAY NKONYENI
MUNICIPALITY

The Game changer of South Coast development

KZN216

RAY NKONYENI LOCAL MUNICIPALITY

DRAFT BUDGET AND MTREF 2019/20

PREPARED BY: BUDGET AND TREASURY OFFICE

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Glossary

Adjustments Budget – Prescribed in section 28 of the MFMA. The formal means by which a municipality may revise its annual budget during the year.

Allocations – Money received from Provincial or National Government or other municipalities.

Assessment Rates – Local Government taxation based on an assessed value of a property. To determine the rates payable, the assessed ratable value is multiplied by the rate in the rand.

Budget – The financial plan of the Municipality.

Budget Related Policy – Policy of a municipality affecting or affected by the budget, such as the tariffs policy, rates policy and credit control and debt collection policy.

Capital Expenditure – Spending on assets such as land, buildings and machinery. Any capital expenditure must be reflected as an asset on the Municipality's Statement of Financial Position.

Cash flow statement – A statement showing when actual cash will be received and spent by the Municipality. Cash payments do not always coincide with budgeted expenditure timings. For example, when an invoice is received by the Municipality it scores as expenditure in the month it is received, even though it may not be paid in the same period.

DORA – Division of Revenue Act. Annual piece of legislation that shows the amount of allocations from national to local government.

Equitable Share – A general grant paid to municipalities. It is predominantly targeted to help with free basic services.

Fruitless and wasteful expenditure – Expenditure that was made in vain and would have been avoided had reasonable care been exercised.

GFS – Government Finance Statistics. An internationally recognized classification system that facilitates like for like comparison between municipalities.

GRAP – Generally Recognized Accounting Practice. The new standard for municipal accounting and basis upon which the Annual Financial Statements are prepared.

IDP – Integrated Development Plan. The main strategic planning document of the Municipality

KPI's – Key Performance Indicators. Measures of service output and/or outcome.
MFMA – The Municipal Finance Management Act – no 53 of 2003. The principle piece of legislation relating to municipal financial management.

MTREF – Medium Term Revenue and Expenditure Framework. A medium term financial plan, usually 3 years, based on a fixed first year and indicative further two years budget allocations. Also includes details of the previous and current years' financial position.
Operating Expenditure – Spending on the day to day expenses of the Municipality such as salaries and wages.

SDBIP – Service Delivery and Budget Implementation Plan. A detailed plan comprising quarterly performance targets and monthly budget estimates.

Strategic Objectives – The main priorities of the Municipality as set out in the IDP. Budgeted spending must contribute towards the achievement of the strategic objectives.

Unauthorized expenditure – Generally, spending without, or in excess of, an approved budget.

Virement – A transfer of budget.

Virement Policy - The policy that sets out the rules for budget transfers. Virements are normally allowed within a vote. Transfers between votes must be agreed by Council through an Adjustments Budget.

Vote – One of the main segments into which a budget is divided. In RAY NKONYENI LOCAL Municipality this means at directorate level.

3. Executive Summary

The application of sound financial management principles for the compilation of the RAY NKONYENI LOCAL Municipality's Budget is essential and critical to ensure that the municipality remains financially viable and that municipal services are provided sustainability, economically and equitably to all communities.

The RAY NKONYENI LOCAL Municipality's business and service delivery priorities were reviewed as part of this year's planning and budget process. Where appropriate, funds were transferred from low- to high-priority programmes so as to maintain sound financial stewardship. A critical review was also undertaken of expenditures on noncore and 'nice to have' items.

The municipality has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers. Furthermore, the municipality has undertaken various customer care initiatives to ensure the municipality truly involves all citizens in the process of ensuring a people lead government.

National Treasury's MFMA Circular No. 94 were used to guide the compilation of the 2019/20 MTREF which indicates the following amongst other things: guidance on budgeting for municipalities affected by redetermination of boundaries.

3.1 MFMA Circulars

National Treasury sent out MFMA Circular No. 94 providing guidance to municipalities on their 2019/20 budgets and Medium Term Revenue and Expenditure Framework (MTREF). It is essential reading material in order to understand the background to this budget.

National Treasury has also set out the requirements for funding the budget and producing a credible budget.

- **The overview of South African economy and inflation targets**

The economic and revenue outlook has deteriorated since the October 2018 Medium Term Budget Policy Statement (MTBPS). Funding pressures from state-owned companies have increased and require government financial support. Given these developments, the 2019 Budget proposes large-scale expenditure reprioritisation and tax measures that narrow the deficit from 4.5 per cent of GDP in 2019/20 to 4 per cent by 2021/22.

The 2018 MTBPS noted that weak economic performance and revenue shortfalls had contributed to some slippage in fiscal projections. Since then, economic growth has remained subdued and the domestic GDP outlook has been revised down. In the current year, tax revenue will be R15.4 billion below the 2018 MTBPS estimate. Funding pressures from Eskom and other financially distressed state-owned companies have increased, with several requesting state support to continue operating. In this context, the 2019 Budget

proposes a series of tax and expenditure measures aimed at narrowing the deficit and stabilising the debt-to-GDP ratio.
Additions to spending amount to R75.3 billion over the medium term, consisting mainly of transfers to support the reconfiguration of Eskom. These additions are partially offset by reductions to expenditure baselines and proposed savings from compensation adjustments totalling R50.3 billion. Tax measures raise an additional R15 billion in 2019/20 and R10 billion in 2020/21.

In combination, these measures are expected to narrow the consolidated budget deficit from a projected 4.5 per cent of GDP in 2019/20 to 4 per cent of GDP in 2021/22. Gross national debt is projected to stabilize at 60.2 per cent of GDP in 2023/24. Net loan debt (gross loan debt excluding government's cash balances) stabilizes at 57.3 per cent of GDP in 2024/25. The GDP growth rate is forecasted at 1.5 per cent in 2019, 1.7 per cent in 2020 and 2.1 per cent in 2021. The revisions take into account weaker investment outcomes in 2018, a more fragile recovery in household income and slower export demand than expected due to moderating global growth. Consumer inflation has also been revised down due to lower oil prices and food inflation than previously assumed.

The main risks to the economic outlook are continued policy uncertainty and deterioration in the finances of state-owned entities. These factors, alongside continued high unemployment and slow growth will continue to exert pressure on municipal revenue generation and collection levels hence a conservative approach is advised for municipal revenue projections. Municipalities affected by the drought should also consider its impact on revenue generation. In this context, municipalities will have to improve their efforts to limit non-priority spending and to implement stringent cost-containment measures.

3.1.1 Funding the Budget

Section 18(1) of the MFMA states that an annual budget may only be funded from:

- Realistically anticipated revenues to be collected;
- Cash-backed accumulated funds from previous years' surpluses not Committed for other purposes; and
- Borrowed funds, but only for the capital budget referred to in section 17(2).

Achievement of this requirement in totality effectively means that a Council has surplus in its budget by ensuring that a budgeted outflow does not exceed planned inflows.

Under old budget formats income generated approach was a key objective and this assisted in ensuring that outflows were matched by inflows, provided revenue collections were realistic. However, GRAP compliant budgets necessitate that budget 'balancing' be much more comprehensive.

New budgeting and accounting formats demand that the budgeted Statement of Financial Performance, the Budgeted Statement of Financial Position and the Budgeted Statement of Cash Flows must be considered simultaneously to ensure effective financial management and sustainability.

3.1.2 A Credible Budget

Amongst other things, a credible budget is a budget that:

- Funds only activities consistent with the revised IDP and vice versa ensuring the IDP is realistically achievable given the financial constraints of the municipality;

- Is achievable in terms of agreed service delivery and performance targets;
- Contains revenue and expenditure projections that are consistent with current and past performance and supported by documented evidence of future assumptions;
- Does not jeopardize the financial viability of the municipality (ensures that the financial position is maintained within generally accepted prudential limits and that obligations can be met in the short, medium and long term); and
- Provides managers with appropriate levels of delegation sufficient to meet their financial management responsibilities.

A budget sets out certain service delivery levels and associated financial implications. Therefore the community should realistically expect to receive these promised service delivery levels and understand the associated financial implications. Major under spending due to under collection of revenue or poor planning is a clear example of a budget that is not credible and unrealistic.

Furthermore, budgets tabled for consultation at least 90 days prior to the start of the budget year should already be credible and fairly close to the final approved budget.

The main challenges experienced during the compilation of the Budget 2019/20 MTREF can be summarized as follows:

- The ongoing difficulties in the national and local economy;
- Aging and poorly maintained roads and electricity infrastructure;
- The need to reprioritize projects and expenditure within the existing resource envelope given the cash flow realities and declining cash position of the municipality;
- The increased cost and electricity (due to tariff increases from Eskom), which is placing upward pressure on service tariffs to residents. Continuous high tariff increases are not sustainable - as there will be point where services will no-longer be affordable;
- Wage increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies;

The following budget principles and guidelines directly informed the compilation of the 2019/20 Budget:

- The 2019/20 Adjustments Budget priorities and targets for Ray Nkonyeni municipality, as well as the base line allocations contained in that Adjustments Budget were adopted as the upper limits for the 2019/20 budget;
- Audited AFS for 2017/18 for Ray Nkonyeni municipality were also used as a guide for the compilation of the 2019/20 Budget.
- Intermediate service level standards were used to inform the measurable objectives, targets and backlog eradication goals;
- The 2018 Division of Revenue Bill issued on February 2019 details the allocations that the municipality need to be reflected in the budget
- Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk electricity. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs;
- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazette as required by the annual Division of Revenue Act;
- The relevant policy developments in the different sectors proposals from the National Energy Regulator of South Africa (NERSA)

- Macro-economics forecast has been taken into account when preparing the salaries budget, the current CPI plus 1. percent for 2019/20 financial year.
- The upper limit was set for the following items and allocations to these items had to be supported by a list and/or motivation setting out the intention and cost of the expenditure which was used to priorities expenditures:
    - Special Projects;
    - Consultant Fees;
    - Furniture and office equipment;
    - Special Events;
    - Refreshments and entertainment;
    - Ad-hoc travelling; and
    - Subsistence, Travelling & Conference fees

In view of the aforementioned, the following table is a consolidated overview of the proposed 2019/20 Medium-term Revenue and Expenditure Framework.

4. Table 1 Consolidated Overview

KZN216 Ray Nkonyeni - Table A1 Budget Summary

Description	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
R thousands	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Financial Performance										
Property rates	–	316,117	389,818	404,757	405,289	445,337	117,532	429,640	455,418	482,743
Service charges	–	147,571	163,162	189,052	189,052	166,460	36,339	214,956	227,854	241,525
Investment revenue	–	5,251	3,618	20,192	4,703	3,183	(14,100)	4,985	5,284	5,601
Transfers recognised - operational	–	195,660	258,802	218,970	221,763	219,283	87,009	358,926	397,927	535,854
Other own revenue	–	121,646	42,962	139,193	73,449	54,411	25,062	78,857	83,597	88,659
Total Revenue (excluding capital transfers and contributions)	–	786,246	858,362	972,164	894,255	888,675	251,841	1,087,364	1,170,080	1,354,382
Employee costs	–	324,070	358,167	359,939	378,898	334,747	30,096	413,959	438,356	468,674
Remuneration of councillors	–	22,044	25,954	30,943	28,856	25,647	4,551	30,876	33,037	35,350
Depreciation & asset impairment	–	61,710	134,674	62,000	58,900	–	–	56,400	60,200	63,798
Finance charges	–	3,130	–	–	–	1,625	–	–	–	–
Materials and bulk purchases	–	109,036	93,612	92,177	92,509	87,114	11,189	100,138	106,154	112,525
Transfers and grants	–	–	39,126	4,705	5,570	4,282	973	12,795	13,092	14,232
Other expenditure	–	377,796	321,914	395,599	307,811	247,145	38,929	424,748	475,781	603,362
Total Expenditure	–	897,786	973,447	945,363	872,544	700,561	85,738	1,038,916	1,126,620	1,297,941
Surplus/(Deficit)	–	(111,540)	(115,085)	26,801	21,711	188,114	166,103	48,448	43,460	56,440
Transfers and subsidies - capital (monetary allocatio	–	96,720	86,798	197,500	207,587	101,887	42,030	82,795	77,138	81,526
Contributions recognised - capital & contributed asse	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions	–	(14,821)	(28,287)	224,301	229,298	290,001	208,134	131,243	120,598	137,966
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year	–	(14,821)	(28,287)	224,301	229,298	290,001	208,134	131,243	120,598	137,966
Capital expenditure & funds sources										
Capital expenditure	–	–	73,176	196,159	200,733	613,182	135,373	130,094	69,593	75,758
Transfers recognised - capital	–	–	(74,697)	–	–	–	(11,399)	–	–	–
Borrowing	–	–	–	–	–	–	–	–	–	–
Internally generated funds	–	–	(165)	–	–	–	165	–	–	–
Total sources of capital funds	–	–	(74,862)	–	–	–	(11,234)	–	–	–
Financial position										
Total current assets	–	33,153	341,068	560,056	504,603	504,603	–	181,971	324,433	131,317
Total non current assets	–	243,300	1,903,704	1,640,472	1,739,368	1,739,368	–	1,813,062	1,822,455	1,834,414
Total current liabilities	–	62,432	199,975	619,476	619,476	619,476	–	385,789	377,397	372,136
Total non current liabilities	–	–	139,377	140,195	140,195	140,195	–	140,195	140,195	140,195
Community wealth/Equity	–	214,021	1,905,419	1,440,856	1,484,299	1,484,299	–	1,469,048	1,629,295	1,453,400
Cash flows										
Net cash from (used) operating	–	193,614	165,998	196,953	180,218	180,218	–	215,225	210,274	233,263
Net cash from (used) investing	–	(103,176)	(514,022)	(223,131)	(227,653)	(227,653)	–	(130,094)	(69,593)	(75,758)
Net cash from (used) financing	–	(6,778)	40,886	12,704	17,426	17,426	–	–	–	–
Cash/cash equivalents at the year end	–	93,557	(307,138)	80,083	65,249	65,249	–	150,379	291,061	448,566
Cash backing/surplus reconciliation										
Cash and investments available	–	20,372	65,006	308,163	252,710	252,710	–	150,379	291,061	96,042
Application of cash and investments	–	(10,349)	(19,125)	24,647	37,880	37,394	–	(28,199)	(29,890)	(31,694)
Balance - surplus (shortfall)	–	30,721	84,132	283,517	214,831	215,317	–	178,578	320,951	127,736
Asset management										
Asset register summary (WDV)	–	–	–	–	–	–	–	–	–	–
Depreciation	–	65,807	134,674	62,000	58,900	–	–	55,000	58,300	61,798
Renewal and Upgrading of Existing Assets	–	–	16,179	22,850	27,181	–	–	15,600	7,648	14,699
Repairs and Maintenance	–	33,443	1	–	200	–	–	–	–	–
Free services										
Cost of Free Basic Services provided	–	–	–	–	–	–	–	–	–	–
Revenue cost of free services provided	–	–	–	–	–	–	–	–	–	–
Households below minimum service level										
Water:	–	–	–	–	–	–	–	–	–	–
Sanitation/sewerage:	–	–	–	–	–	–	–	–	–	–
Energy:	–	–	–	–	–	–	2	2	2	2
Refuse:	–	–	–	–	–	–	23	23	23	23

Total operating revenue is R 1,170 billion and increase by R 77 million over the 2020/22 MTREF.

Total operating expenditure excluding capital expenditure for the 2019/20 budget will be R 1, 038 billion and overall budgeted performance is showing a surplus of R 1,31 million. The budget performance also include non-cash item for depreciation and asset impairment to the value of R 56. million.

Capital expenditure for the year as per the budget amounts to R 130 million. This budget is funded through transfer's recognized capital and internal funds.

5. Operating Revenue Framework

For RAY NKONYENI LOCAL Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Growth in the municipality and continued economic development;
- Efficient revenue management, which aims to ensure a 100 per cent annual collection rate for property rates and other key service charges;
- Electricity tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services; and

The following table is a summary of the 2019/20 MTREF (classified by main revenue source):

Table 2 Summary of revenue classified by main revenue source

KZN216 Ray Nkonyeni - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Revenue By Source											
Property rates	2	–	316,117	389,818	404,757	405,289	445,337	117,532	429,640	455,418	482,743
Service charges - electricity revenue	2	–	106,140	114,466	126,417	126,417	110,327	21,373	143,563	152,177	161,308
Service charges - water revenue	2	–	–	–	–	–	–	–	–	–	–
Service charges - sanitation revenue	2	–	–	–	–	–	–	–	–	–	–
Service charges - refuse revenue	2	–	41,431	48,696	62,635	62,635	56,133	14,966	71,393	75,677	80,217
Rental of facilities and equipment		–	2,791	2,662	3,533	3,533	2,736	8,061	2,762	2,942	3,132
Interest earned - external investments		–	5,251	3,618	20,192	4,703	3,183	(14,100)	4,985	5,284	5,601
Interest earned - outstanding debtors		–	11,498	12,578	468	12,887	17,971	2,920	13,812	14,539	15,415
Dividends received		–	–	–	–	–	–	–	–	–	–
Fines, penalties and forfeits		–	83,939	8,199	86,587	12,591	2,012	286	13,521	14,352	15,231
Licences and permits		–	3,823	6,024	11,100	1,901	6,886	1,488	2,305	2,442	2,574
Agency services		–	4,817	3,429	6,000	8,985	3,597	793	9,524	10,096	10,701
Transfers and subsidies		–	195,660	258,802	218,970	221,763	219,283	87,009	358,926	397,927	535,854
Other revenue	2	–	14,778	10,070	31,506	33,552	21,209	11,514	36,933	39,227	41,606
Gains on disposal of PPE		–	–	–	–	–	–	–	–	–	–
Total Revenue (excluding capital transfers and contributions)		**–**	**786,246**	**858,362**	**972,164**	**894,255**	**888,675**	**251,841**	**1,087,364**	**1,170,080**	**1,354,382**

Revenue generated from rates, services charges and transfers from grants forms a significant percentage of the revenue basket for the municipality. Rates, service charge revenues and transfers and grants comprise more than two thirds of the total revenue mix.

In the 2019/20 financial year, revenue from rates, services charges, other revenue and transfers and grants totaled R 1 087 billion. Property rate revenue increased by 6 percent from R 405.4 million to R 430 million, this growth can be mainly attributed to the implementation of the new valuation roll, and service charges, investment and other revenue also increased as a results of municipal management adopting financial viability recovery and improvement plan.

Property rates are the first largest revenue source totaling R430 million rand in 2019/20. The second and third largest sources are revenue from transfers and grants operational followed by service charges which are R359 million and R215million respectively.

Other revenue' which consists of various items such as income received from permits and licenses, building plan fees, connection fees, transport fees and advertisement fees. Departments have been urged to review the tariffs of these items on an annual basis to ensure they are cost reflective and market related.

Figure 1 Sources of revenue

Table 3 Operating Transfers and Grant Receipts

KZN216 Ray Nkonyeni - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Revenue by Vote	1									
Vote 1 - BUDGET AND TREASURY		–	–	488,132	429,778	427,354	482,919	452,431	478,927	507,543
Vote 2 - TECHNICAL SERVICES		–	–	167,025	206,734	206,919	165,435	354,969	383,910	522,355
Vote 3 - CORPORATE SERVICES		–	–	2,187	129,619	139,706	63,234	3,625	3,843	4,074
Vote 4 - STRATEGIC PLANNING		–	–	176,037	185,468	189,523	185,306	205,608	222,456	241,076
Vote 5 - ECONOMIC DEVELOPMENT AND PLANNIN		–	–	31,973	37,377	36,313	10,571	40,807	38,695	34,349
Vote 6 - PUBLIC SAFETY		–	–	74,448	177,587	98,687	67,790	40,008	42,317	44,818
Vote 7 - COMMUNITY SERVICES		–	–	5,358	3,101	3,340	15,308	72,710	77,071	81,693
Vote 8 - NULL		–	–	–	–	–	–	–	–	–
Vote 9 - NULL		–	–	–	–	–	–	–	–	–
Vote 10 - NULL		–	–	–	–	–	–	–	–	–
Vote 11 - NULL		–	–	–	–	–	–	–	–	–
Vote 12 - NULL		–	–	–	–	–	–	–	–	–
Vote 13 - NULL		–	–	–	–	–	–	–	–	–
Vote 14 - NULL		–	–	–	–	–	–	–	–	–
Vote 15 - NULL		–	–	–	–	–	–	–	–	–
Total Revenue by Vote	2	**–**	**–**	**945,160**	**1,169,664**	**1,101,842**	**990,562**	**1,170,159**	**1,247,218**	**1,435,908**

Expenditure by Vote ***to be appropriated***	1									
Vote 1 - BUDGET AND TREASURY		486	–	123,066	84,317	71,159	60,441	61,397	73,506	71,382
Vote 2 - TECHNICAL SERVICES		162	–	232,448	169,706	175,695	161,887	327,947	366,956	498,281
Vote 3 - CORPORATE SERVICES		–	–	83,181	94,579	99,528	88,854	89,800	95,529	101,723
Vote 4 - STRATEGIC PLANNING		324	–	178,094	158,548	155,998	85,974	156,391	167,971	178,757
Vote 5 - ECONOMIC DEVELOPMENT AND PLANNIN		1,133	–	33,952	41,661	39,996	22,266	48,058	45,548	48,717
Vote 6 - PUBLIC SAFETY		162	–	195,652	249,214	177,117	148,120	152,913	165,650	173,875
Vote 7 - COMMUNITY SERVICES		–	–	127,053	147,338	153,051	133,019	202,410	211,459	225,206
Vote 8 - NULL		1,619	–	–	–	–	–	–	–	–
Vote 9 - NULL		1,619	–	–	–	–	–	–	–	–
Vote 10 - NULL		1,619	–	–	–	–	–	–	–	–
Vote 11 - NULL		1,619	–	–	–	–	–	–	–	–
Vote 12 - NULL		1,619	–	–	–	–	–	–	–	–
Vote 13 - NULL		1,619	–	–	–	–	–	–	–	–
Vote 14 - NULL		1,619	–	–	–	–	–	–	–	–
Vote 15 - NULL		1,619	–	–	–	–	–	–	–	–
Total Expenditure by Vote	2	**15,220**	**–**	**973,447**	**945,363**	**872,544**	**700,561**	**1,038,916**	**1,126,620**	**1,297,941**
Surplus/(Deficit) for the year	2	**(15,220)**	**–**	**(28,287)**	**224,301**	**229,298**	**290,001**	**131,243**	**120,598**	**137,966**

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the municipality.

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. Municipalities must justify in their budget documentation all increases in excess of the 6 per cent upper boundary of the South African Reserve Bank's inflation target. Excessive increases are likely to be counterproductive, resulting in higher levels of non-payment.

The percentage increases of Eskom bulk tariffs are far beyond the mentioned inflation target. Given that these tariff increases are determined by external agencies, the impact they have on the municipality's electricity and in these tariffs are largely outside the control of the municipality

It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilized for the calculation of the CPI consist of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of electricity, petrol, diesel, chemicals, cement etc.

The current challenge facing the municipality is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions.

5.1. Property Rates

National Treasury's MFMA Circular No. 58 and 59 deals, inter alia with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance. These regulations came into effect on 1 July 2009 and prescribe the rate ratio for the non-residential categories, public service infrastructure and agricultural properties relative to residential properties. The implementation of these regulations was done in the previous budget process and the Property Rates Policy of the Municipality has been amended accordingly.

The following stipulations in the Property Rates Policy are highlighted:

- The first R15 000 of the market value of a property used for residential purposes is excluded from the rate-able value (Section 17(h) of the MPRA). In addition to this rebate, a further R85 000 and R50 000 reduction on the market value of a property for residential and vacant land categories respectively ,will be granted in terms of the municipality's own Property Rates Policy;

- 100 per cent rebate will be granted to registered indigents and child headed household in terms of the Indigent Policy;
- For pensioners, physically and mentally disabled persons whose household income equal 2 state pensions, 4 state pensions and 6 state pensions will receive a rebate of 75%, 50% and 25 % respectively in terms of Rates policy.
- Indigents, in terms of the indigent policy are exempt from paying rates if the value of the property is less than R320 000.00.

The categories of rate-able properties for purposes of levying rates the proposed rates increase for the 2019/20 financial year is 5 per cent and the table below reflect individual municipality tariff for rates since the new valuation and new tariffs will be implemented in 2019/20 budget year.

5.2. Sale of Electricity and Impact of Tariff Increases

The consumer tariff had to be increased by 9.4 per cent to offset the additional bulk purchase cost from 1 July 2018. Furthermore, it should be noted that given the magnitude of the tariff increase, it is expected to depress growth in electricity consumption, which will have a negative impact on the municipality's revenue from electricity.

5.3. Waste Removal and Impact of Tariff Increases

The municipality has implemented a solid waste strategy to ensure that this service can be rendered in a sustainable manner over the medium to long-term. The main contributors to solid waste are maintenance on vehicles, increases in general expenditure such as petrol and diesel and the cost of remuneration. Currently solid waste removal is operating at a surplus.

5.4. Other Tariff of Charges

Other tariff of charges such licenses and permits, town planning, fines and other revenue have been increased by 6 per cent and tariff of charges is attached as annexure.

6. Operating Expenditure Framework

The Municipality's expenditure framework for the 2019/20 budget and MTREF is informed by the following:

- Budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- Operational gains and efficiencies will be directed to funding the capital budget and other core services; and

Table 5 Summary of operating expenditure by standard classification item

KZN216 Ray Nkonyeni - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Expenditure By Type											
Employee related costs	2	–	–	358,167	359,939	378,898	334,747	30,096	413,959	438,356	468,674
Remuneration of councillors		–	–	25,954	30,943	28,856	25,647	4,551	30,876	33,037	35,350
Debt impairment	3	–	–	36,465	3,200	5,989	3,545	395	12,211	13,183	14,238
Depreciation & asset impairment	2	–	–	134,674	62,000	58,900	–	–	56,400	60,200	63,798
Finance charges		–	–	–	–	–	1,625	–	–	–	–
Bulk purchases	2	–	–	87,168	86,620	86,620	82,707	10,578	94,676	100,357	106,378
Other materials	8	–	–	6,444	5,556	5,889	4,408	611	5,461	5,797	6,147
Contracted services		–	–	285,449	392,399	301,822	243,600	38,535	277,573	318,807	436,221
Transfers and subsidies		–	–	39,126	4,705	5,570	4,282	973	12,795	13,092	14,232
Other expenditure	4, 5	–	–	–	–	–	–	–	134,963	143,791	152,903
Loss on disposal of PPE		–	–	–	–	–	–	–	–	–	–
Total Expenditure		**–**	**–**	**973,447**	**945,363**	**872,544**	**700,561**	**85,738**	**1,038,916**	**1,126,620**	**1,297,941**

Table 6 Employee related costs details and councilors

KZN216 Ray Nkonyeni - Supporting Table SA22 Summary councillor and staff benefits

Summary of Employee and Councillor remuneration	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
		A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other	1									
Basic Salaries and Wages		–	–	21,438	27,872	24,351	21,642	26,055	27,879	29,831
Pension and UIF Contributions		–	–	–	–	–	–	–	–	–
Medical Aid Contributions		–	–	–	–	–	–	–	–	–
Motor Vehicle Allowance		–	–	2,600	–	–	–	–	–	–
Cellphone Allowance		–	–	1,916	3,071	4,505	4,006	4,821	5,158	5,519
Housing Allowances		–	–	–	–	–	–	–	–	–
Other benefits and allowances		–	–	–	–	–	–	–	–	–
Sub Total - Councillors		–	–	25,954	30,943	28,856	25,647	30,876	33,037	35,350
% increase	4		–	–	19.2%	(6.7%)	(11.1%)	20.4%	7.0%	7.0%
Senior Managers of the Municipality	2									
Basic Salaries and Wages		–	–	–	–	–	–	–	–	–
Pension and UIF Contributions		–	–	–	–	–	–	–	–	–
Medical Aid Contributions		–	–	–	–	–	–	–	–	–
Overtime		–	–	–	–	–	–	–	–	–
Performance Bonus		–	–	–	–	–	–	–	–	–
Motor Vehicle Allowance	3	–	–	–	–	–	–	–	–	–
Cellphone Allowance	3	–	–	–	–	–	–	–	–	–
Housing Allowances	3	–	–	–	–	–	–	–	–	–
Other benefits and allowances	3	–	–	–	–	–	–	–	–	–
Payments in lieu of leave		–	–	–	–	–	–	–	–	–
Long service awards		–	–	–	–	–	–	–	–	–
Post-retirement benefit obligations	6	–	–	–	–	–	–	–	–	–
Sub Total - Senior Managers of Municipality		–	–	–	–	–	–	–	–	–
% increase	4		–	–	–	–	–	–	–	–
Other Municipal Staff										
Basic Salaries and Wages		–	–	285,503	291,065	306,356	271,541	340,310	359,731	384,681
Pension and UIF Contributions		–	–	1,888	2,087	1,936	1,734	2,072	2,217	2,372
Medical Aid Contributions		–	–	16,192	19,027	16,858	15,164	18,048	19,310	20,659
Overtime		–	–	18,909	14,030	19,030	17,575	16,211	17,182	18,200
Performance Bonus		–	–	18,903	18,176	16,707	12,500	17,818	19,065	20,400
Motor Vehicle Allowance	3	–	–	13,537	13,339	14,819	13,400	16,065	17,173	18,426
Cellphone Allowance	3	–	–	–	–	–	–	–	–	–
Housing Allowances	3	–	–	3,236	2,095	3,191	2,832	3,437	3,678	3,936
Other benefits and allowances	3	–	–	–	–	–	–	–	–	–
Payments in lieu of leave		–	–	–	–	–	–	–	–	–
Long service awards		–	–	–	–	–	–	–	–	–
Post-retirement benefit obligations	6	–	–	–	120	–	–	–	–	–
Sub Total - Other Municipal Staff		–	–	358,167	359,939	378,898	334,747	413,959	438,356	468,674
% increase	4		–	–	0.5%	5.3%	(11.7%)	23.7%	5.9%	6.9%
Total Parent Municipality		–	–	384,121	390,882	407,754	360,394	444,835	471,393	504,024
			–	–	1.8%	4.3%	(11.6%)	23.4%	6.0%	6.9%

The budgeted allocation for employee related costs, senior management and councilors for the 2019/20 financial year totals R 445 million, which equals 42 per cent of the total operating expenditure. The salary increases have been factored into this budget at a percentage increase of 7 per cent for the 2019/20 financial year and also it must be noted that there are other line items which are excluded in employee costs e.g. overtime, standby allowances, salaries temps, pension funds contributions which were not kept at 7 per cent increase as compared to basic salary increase.

The cost associated with the remuneration of councilors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the municipality's budget.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total R 56 million for the 2019/20 financial and equates to 5 per cent of the total operating expenditure and depreciation decreased by 5 percent as compare to adjustment budget; because 2019/20 was based on the actual depreciation, asset disposals and additions. Note that the implementation of GRAP 17 accounting standard has meant bringing a range of assets previously not included in the assets register onto the register. This has resulted in a significant increase in depreciation relative to previous years.

Bulk purchases are directly informed by the purchase of electricity from Eskom. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. The increase is 9.3 per cent as per NERSA Guidelines.

Repairs and maintenance comprises of amongst others the purchase of fuel, diesel, materials for maintenance, potholes, cleaning materials and chemicals. This group of expenditure has been prioritized to ensure sustainability of the municipality's infrastructure especially potholes.

The municipality has also budgeted for repairs and maintenance budgeted.

Contracted services equal to 26 per cent of the expenditure budget and has been budgeted at R278 million.

Other expenditure comprises of various line items relating to the daily operations of the municipality. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved. The salient features of general expenses have been the following:

Typical workstream	Draft Budget amount
Farm workers	221 000,00
HIV awareness	195 000,00
Training of Councillors	350 000,00
Public participation outreach programme	180 000,00
Mayoral roadshows & Izimbizo	1 400 000,00
Children's Right	185 000,00
Development of Cultural Skills, Maiden ceremony and Libraries outreach	795 000,00
Indigenous Festival	100 000,00
Ugu Jazz	300 000,00
Disability Empowerment	420 000,00
Econonic Development incl. Mayoral Fair	7 950 000,00
Women's Open Golf and Academy	950 000,00
Gender Empowerment	260 000,00
Youth Development	3 821 500,00
•Tertiary registration	*400 000,00*
•Other programmes	*3 421 500,00*

Comedy Show	100 000,00
Gamalakhe Music festival	350 000,00
Uvukile gospel Concert	250 000,00
Community Awards	400 000,00
Back to School	400 000,00
South Coast Bike week	1 000 000,00
Welcoming road Block	50 000,00
Salga Games	500 000,00
Shobashobane commemoration	150 000,00
Special functions	2 000 000,00
Women's Caucus	300 000,00
Masikandi Festival	250 000,00
Spring Carnival	100 000,00
Caucus fund	250 000,00
Streetlights installation	1 000 000,00
Ward comittees	2 100 000,00

Roads Infrastructure & related: **R75 025 000,00**

- Tarring of Roads R15 645 000
- Bridges R19 250 000
- Potholes Repairs R15 250 000
- Preventative maintenance (Roads) R5 900 000
- Plant Hire (Roads) R5 980 000
- Concrete strips R7 000 000
- Storm water R4 500 000
- Gravel roads R1 500 000

6.1. Priority given to repairs and maintenance

During the compilation of the 2019/20 MTREF operational repairs and maintenance was identified as a strategic imperative owing to the aging of the municipality's infrastructure and historic deferred maintenance especially roads. The municipality has an infrastructure maintenance plan to ensure that assets are in good condition.

6.2 Free Basic Services: Basic Social Service Package

The social package assists households that are poor or face circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Municipality's Indigent Policy and the policy is reviewed annually. The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act.

7. Capital Expenditure Framework

KZN216 Ray Nkonyeni - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding

Vote Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Single-year expenditure *to be appropriated*	2										
Vote 1 - BUDGET AND TREASURY		–	–	256	273	504	648	256	323	278	278
Vote 2 - TECHNICAL SERVICES		–	–	38,499	189,311	191,864	617,944	113,092	69,830	45,478	60,042
Vote 3 - CORPORATE SERVICES		–	–	127	255	559	380	127	229	206	206
Vote 4 - STRATEGIC PLANNING		–	–	1,128	9,393	9,060	6,988	1,145	25,897	12,968	8,018
Vote 5 - ECONOMIC DEVELOPMENT AND PLANNIN		–	–	21,489	5,638	5,613	1,545	21,569	15,573	522	522
Vote 6 - PUBLIC SAFETY		–	–	403	711	640	11	403	640	576	576
Vote 7 - COMMUNITY SERVICES		–	–	20,994	17,550	19,413	62,406	25,118	17,602	9,565	6,116
Vote 8 - NULL		–	–	–	–	–	–	–	–	–	–
Vote 9 - NULL		–	–	–	–	–	–	–	–	–	–
Vote 10 - NULL		–	–	–	–	–	–	–	–	–	–
Vote 11 - NULL		–	–	–	–	–	–	–	–	–	–
Vote 12 - NULL		–	–	–	–	–	–	–	–	–	–
Vote 13 - NULL		–	–	–	–	–	–	–	–	–	–
Vote 14 - NULL		–	–	–	–	–	–	–	–	–	–
Vote 15 - NULL		–	–	–	–	–	–	–	–	–	–
Capital single-year expenditure sub-total		**–**	**–**	**82,896**	**223,131**	**227,653**	**689,921**	**161,710**	**130,094**	**69,593**	**75,758**
Total Capital Expenditure - Vote		**–**	**–**	**82,896**	**223,131**	**227,653**	**689,921**	**161,710**	**130,094**	**69,593**	**75,758**
Capital Expenditure - Functional											
Governance and administration		**–**	**–**	**1,490**	**880**	**1,095**	**2,024**	**1,490**	**900**	**797**	**797**
Executive and council		–	–	1,084	100	90	211	1,084	70	63	63
Finance and administration		–	–	406	780	1,005	1,813	406	830	734	734
Internal audit		–	–	–	–	–	–	–	–	–	–
Community and public safety		**–**	**–**	**16,704**	**141,171**	**151,015**	**424,206**	**68,729**	**15,791**	**7,707**	**4,207**
Community and social services		–	–	16,484	17,050	19,145	62,263	18,669	15,782	7,699	4,199
Sport and recreation		–	–	0	–	–	–	1,937	–	–	–
Public safety		–	–	206	–	–	–	206	–	–	–
Housing		–	–	13	124,121	131,870	361,943	47,916	9	8	8
Health		–	–	–	–	–	–	–	–	–	–
Economic and environmental services		**–**	**–**	**54,982**	**54,107**	**48,622**	**186,952**	**65,154**	**80,463**	**37,612**	**39,287**
Planning and development		–	–	21,490	14,679	14,311	7,537	21,588	31,938	13,222	8,272
Road transport		–	–	33,367	39,428	34,311	179,415	43,442	47,725	23,542	30,116
Environmental protection		–	–	124	–	–	–	124	800	848	899
Trading services		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**23,706**	**23,477**	**31,467**
Energy sources		–	–	–	–	–	–	–	22,686	22,459	30,449
Water management		–	–	–	–	–	–	–	–	–	–
Waste water management		–	–	–	–	–	–	–	–	–	–
Waste management		–	–	–	–	–	–	–	1,020	1,018	1,018
Other		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**9,235**	**–**	**–**
Total Capital Expenditure - Functional	3	**–**	**–**	**73,176**	**196,159**	**200,733**	**613,182**	**135,373**	**130,094**	**69,593**	**75,758**
Funded by:											
National Government		–	–	(73,952)	–	–	–	(22,446)	80,795	67,464	73,375
Provincial Government		–	–	(745)	–	–	–	11,047	3,000	–	–
District Municipality		–	–	–	–	–	–	–	–	–	–
Other transfers and grants		–	–	–	–	–	–	–	–	–	–
Transfers recognised - capital	4	**–**	**–**	**(74,697)**	**–**	**–**	**–**	**(11,399)**	**83,795**	**67,464**	**73,375**
Borrowing	6	–	–	–	–	–	–	–	–	–	–
Internally generated funds		–	–	(165)	–	–	–	165	46,299	2,129	2,383
Total Capital Funding	7	**–**	**–**	**(74,862)**	**–**	**–**	**–**	**(11,234)**	**130,094**	**69,593**	**75,758**

The main source of funding of the 2019/20 Capital budget of R 130 million is transfers recognized capital from National and provincial departments, followed by internally generated funds from reserves of R46 million. Capital projects are group per cluster, municipal wide and departmental. RAY NKONYENI LOCAL has 7 clusters.

PART 2 MAIN BUDGET TABLES

8. Annual Budget Tables

The following are the main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations.

Table 8 MBRR Table A1 - Budget Summary

KZN216 Ray Nkonyeni - Table A1 Budget Summary

Description	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
R thousands	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Financial Performance										
Property rates	–	316,117	389,818	404,757	405,289	445,337	117,532	429,640	455,418	482,743
Service charges	–	147,571	163,162	189,052	189,052	166,460	36,339	214,956	227,854	241,525
Investment revenue	–	5,251	3,618	20,192	4,703	3,183	(14,100)	4,985	5,284	5,601
Transfers recognised - operational	–	195,660	258,802	218,970	221,763	219,283	87,009	358,926	397,927	535,854
Other own revenue	–	121,646	42,962	139,193	73,449	54,411	25,062	78,857	83,597	88,659
Total Revenue (excluding capital transfers and contributions)	–	786,246	858,362	972,164	894,255	888,675	251,841	1,087,364	1,170,080	1,354,382
Employee costs	–	324,070	358,167	359,939	378,898	334,747	30,096	413,959	438,356	468,674
Remuneration of councillors	–	22,044	25,954	30,943	28,856	25,647	4,551	30,876	33,037	35,350
Depreciation & asset impairment	–	61,710	134,674	62,000	58,900	–	–	56,400	60,200	63,798
Finance charges	–	3,130	–	–	–	1,625	–	–	–	–
Materials and bulk purchases	–	109,036	93,612	92,177	92,509	87,114	11,189	100,138	106,154	112,525
Transfers and grants	–	–	39,126	4,705	5,570	4,282	973	12,795	13,092	14,232
Other expenditure	–	377,796	321,914	395,599	307,811	247,145	38,929	424,748	475,781	603,362
Total Expenditure	–	897,786	973,447	945,363	872,544	700,561	85,738	1,038,916	1,126,620	1,297,941
Surplus/(Deficit)	–	(111,540)	(115,085)	26,801	21,711	188,114	166,103	48,448	43,460	56,440
Transfers and subsidies - capital (monetary allocatio	–	96,720	86,798	197,500	207,587	101,887	42,030	82,795	77,138	81,526
Contributions recognised - capital & contributed asse	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions	–	(14,821)	(28,287)	224,301	229,298	290,001	208,134	131,243	120,598	137,966
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year	–	(14,821)	(28,287)	224,301	229,298	290,001	208,134	131,243	120,598	137,966
Capital expenditure & funds sources										
Capital expenditure	–	–	73,176	196,159	200,733	613,182	135,373	130,094	69,593	75,758
Transfers recognised - capital	–	–	(74,697)	–	–	–	(11,399)	–	–	–
Borrowing	–	–	–	–	–	–	–	–	–	–
Internally generated funds	–	–	(165)	–	–	–	165	–	–	–
Total sources of capital funds	–	–	(74,862)	–	–	–	(11,234)	–	–	–
Financial position										
Total current assets	–	33,153	341,068	560,056	504,603	504,603	–	181,971	324,433	131,317
Total non current assets	–	243,300	1,903,704	1,640,472	1,739,368	1,739,368	–	1,813,062	1,822,455	1,834,414
Total current liabilities	–	62,432	199,975	619,476	619,476	619,476	–	385,789	377,397	372,136
Total non current liabilities	–	–	139,377	140,195	140,195	140,195	–	140,195	140,195	140,195
Community wealth/Equity	–	214,021	1,905,419	1,440,856	1,484,299	1,484,299	–	1,469,048	1,629,295	1,453,400
Cash flows										
Net cash from (used) operating	–	193,614	165,998	196,953	180,218	180,218	–	215,225	210,274	233,263
Net cash from (used) investing	–	(103,176)	(514,022)	(223,131)	(227,653)	(227,653)	–	(130,094)	(69,593)	(75,758)
Net cash from (used) financing	–	(6,778)	40,886	12,704	17,426	17,426	–	–	–	–
Cash/cash equivalents at the year end	–	93,557	(307,138)	80,083	65,249	65,249	–	150,379	291,061	448,566
Cash backing/surplus reconciliation										
Cash and investments available	–	20,372	65,006	308,163	252,710	252,710	–	150,379	291,061	96,042
Application of cash and investments	–	(10,349)	(19,125)	24,647	37,880	37,394	–	(28,199)	(29,890)	(31,694)
Balance - surplus (shortfall)	–	30,721	84,132	283,517	214,831	215,317	–	178,578	320,951	127,736
Asset management										
Asset register summary (WDV)	–	–	–	–	–	–	–	–	–	–
Depreciation	–	65,807	134,674	62,000	58,900	–	–	55,000	58,300	61,798
Renewal and Upgrading of Existing Assets	–	–	16,179	22,850	27,181	–	–	15,600	7,648	14,699
Repairs and Maintenance	–	33,443	1	–	200	–	–	–	–	–
Free services										
Cost of Free Basic Services provided	–	–	–	–	–	–	–	–	–	–
Revenue cost of free services provided	–	–	–	–	–	–	–	–	–	–
Households below minimum service level										
Water:	–	–	–	–	–	–	–	–	–	–
Sanitation/sewerage:	–	–	–	–	–	–	–	–	–	–
Energy:	–	–	–	–	–	–	2	2	2	2
Refuse:	–	–	–	–	–	–	23	23	23	23

- Table A1 is a budget summary and provides a concise overview of the municipality's budget from all of the major financial perspectives (financial performance, capital

expenditure and funding sources, financial position, cash flow, MFMA funding compliance and asset management).

- The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.

Table 9 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

KZN216 Ray Nkonyeni - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)

Functional Classification Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Revenue - Functional										
Governance and administration		–	–	666,356	618,666	617,298	670,618	661,665	705,226	752,692
Executive and council		–	–	176,037	185,468	186,523	185,306	205,608	222,456	241,076
Finance and administration		–	–	490,319	433,198	430,775	485,312	456,057	482,770	511,616
Internal audit		–	–	–	–	–	–	–	–	–
Community and public safety		–	–	46,866	140,130	150,815	76,887	138,232	165,280	283,575
Community and social services		–	–	11,595	13,631	13,870	15,138	14,399	15,169	16,040
Sport and recreation		–	–	–	100	100	77	106	112	119
Public safety		–	–	1,271	200	560	631	466	494	524
Housing		–	–	34,000	126,199	136,286	61,041	123,260	149,504	266,892
Health		–	–	–	–	–	–	–	–	–
Economic and environmental services		–	–	40,822	191,427	116,552	56,758	129,844	122,986	131,417
Planning and development		–	–	28,703	27,189	31,573	7,694	32,907	30,312	32,169
Road transport		–	–	11,674	163,979	84,719	49,024	96,661	92,382	98,938
Environmental protection		–	–	446	260	260	39	276	292	310
Trading services		–	–	187,845	209,252	209,437	183,423	232,518	245,343	266,044
Energy sources		–	–	133,025	146,417	146,602	124,681	160,913	169,442	185,589
Water management		–	–	–	–	–	–	–	–	–
Waste water management		–	–	–	–	–	–	–	–	–
Waste management		–	–	54,821	62,835	62,835	58,742	71,605	75,901	80,455
Other	4	–	–	3,270	10,188	7,740	2,877	7,900	8,384	2,180
Total Revenue - Functional	2	–	–	945,160	1,169,664	1,101,842	990,562	1,170,159	1,247,218	1,435,908
Expenditure - Functional										
Governance and administration		–	–	372,450	319,007	309,499	220,554	313,452	343,212	358,428
Executive and council		–	–	150,404	122,226	117,372	55,249	114,408	123,149	130,900
Finance and administration		–	–	203,709	166,702	159,564	139,635	164,572	183,316	188,354
Internal audit		–	–	18,336	30,079	32,562	25,670	34,472	36,747	39,174
Community and public safety		–	–	124,108	87,224	92,782	77,827	226,943	262,989	385,474
Community and social services		–	–	19,230	26,284	28,828	22,169	42,680	45,378	48,310
Sport and recreation		–	–	10,259	4,821	5,149	4,204	5,963	8,995	6,809
Public safety		–	–	48,132	42,402	46,399	40,950	46,801	49,983	53,382
Housing		–	–	46,487	13,717	12,405	10,505	131,499	158,633	276,973
Health		–	–	–	–	–	–	–	–	–
Economic and environmental services		–	–	205,918	258,804	184,748	154,518	204,134	211,437	225,131
Planning and development		–	–	26,965	34,317	33,928	24,421	42,723	39,932	42,519
Road transport		–	–	158,408	201,657	130,787	112,886	137,126	145,763	155,325
Environmental protection		–	–	20,546	22,830	20,033	17,212	24,285	25,742	27,287
Trading services		–	–	259,894	267,796	274,107	245,408	283,976	297,937	316,902
Energy sources		–	–	121,295	105,714	107,091	101,810	115,485	122,507	129,967
Water management		–	–	–	–	–	–	–	–	–
Waste water management		–	–	–	–	–	–	–	–	–
Waste management		–	–	138,599	162,082	167,016	143,598	168,491	175,430	186,935
Other	4	–	–	11,076	12,532	11,408	2,254	10,411	11,046	12,007
Total Expenditure - Functional	3	–	–	973,447	945,363	872,544	700,561	1,038,916	1,126,620	1,297,941
Surplus/(Deficit) for the year		–	–	(28,287)	224,301	229,298	290,001	131,243	120,598	137,966

Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

- Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms if each of these

functional areas which enables the National Treasury to compile 'whole of government' reports.

- Note that as a general principle the revenues for the Trading Services should exceed their expenditures. The table highlights that both Electricity function and Waste management function are able to finance its services. As both service charges are reflecting a surplus.

- Other functions that show a deficit between revenue and expenditure are being financed from rates revenues, other revenue sources and transfers recognized operational from both National and provincial departments.

Table 10 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by vote)

KZN216 Ray Nkonyeni - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Revenue by Vote	1									
Vote 1 - BUDGET AND TREASURY		–	–	488,132	429,778	427,354	482,919	452,431	478,927	507,543
Vote 2 - TECHNICAL SERVICES		–	–	167,025	206,734	206,919	165,435	354,969	383,910	522,355
Vote 3 - CORPORATE SERVICES		–	–	2,187	129,619	139,706	63,234	3,625	3,843	4,074
Vote 4 - STRATEGIC PLANNING		–	–	176,037	185,468	189,523	185,306	205,608	222,456	241,076
Vote 5 - ECONOMIC DEVELOPMENT AND PLANNIN		–	–	31,973	37,377	36,313	10,571	40,807	38,695	34,349
Vote 6 - PUBLIC SAFETY		–	–	74,448	177,587	98,687	67,790	40,008	42,317	44,818
Vote 7 - COMMUNITY SERVICES		–	–	5,358	3,101	3,340	15,308	72,710	77,071	81,693
Vote 8 - NULL		–	–	–	–	–	–	–	–	–
Vote 9 - NULL		–	–	–	–	–	–	–	–	–
Vote 10 - NULL		–	–	–	–	–	–	–	–	–
Vote 11 - NULL		–	–	–	–	–	–	–	–	–
Vote 12 - NULL		–	–	–	–	–	–	–	–	–
Vote 13 - NULL		–	–	–	–	–	–	–	–	–
Vote 14 - NULL		–	–	–	–	–	–	–	–	–
Vote 15 - NULL		–	–	–	–	–	–	–	–	–
Total Revenue by Vote	2	**–**	**–**	**945,160**	**1,169,664**	**1,101,842**	**990,562**	**1,170,159**	**1,247,218**	**1,435,908**
Expenditure by Vote *to be appropriated*	1									
Vote 1 - BUDGET AND TREASURY		486	–	123,066	84,317	71,159	60,441	61,397	73,506	71,382
Vote 2 - TECHNICAL SERVICES		162	–	232,448	169,706	175,695	161,887	327,947	366,956	498,281
Vote 3 - CORPORATE SERVICES		–	–	83,181	94,579	99,528	88,854	89,800	95,529	101,723
Vote 4 - STRATEGIC PLANNING		324	–	178,094	158,548	155,998	85,974	156,391	167,971	178,757
Vote 5 - ECONOMIC DEVELOPMENT AND PLANNIN		1,133	–	33,952	41,661	39,996	22,266	48,058	45,548	48,717
Vote 6 - PUBLIC SAFETY		162	–	195,652	249,214	177,117	148,120	152,913	165,650	173,875
Vote 7 - COMMUNITY SERVICES		–	–	127,053	147,338	153,051	133,019	202,410	211,459	225,206
Vote 8 - NULL		1,619	–	–	–	–	–	–	–	–
Vote 9 - NULL		1,619	–	–	–	–	–	–	–	–
Vote 10 - NULL		1,619	–	–	–	–	–	–	–	–
Vote 11 - NULL		1,619	–	–	–	–	–	–	–	–
Vote 12 - NULL		1,619	–	–	–	–	–	–	–	–
Vote 13 - NULL		1,619	–	–	–	–	–	–	–	–
Vote 14 - NULL		1,619	–	–	–	–	–	–	–	–
Vote 15 - NULL		1,619	–	–	–	–	–	–	–	–
Total Expenditure by Vote	2	**15,220**	**–**	**973,447**	**945,363**	**872,544**	**700,561**	**1,038,916**	**1,126,620**	**1,297,941**
Surplus/(Deficit) for the year	2	**(15,220)**	**–**	**(28,287)**	**224,301**	**229,298**	**290,001**	**131,243**	**120,598**	**137,966**

Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organizational structure of the Municipality. This means it is possible to present the operating surplus or deficit of a vote.

Table11 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)

KZN216 Ray Nkonyeni - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Revenue By Source											
Property rates	2	–	316,117	389,818	404,757	405,289	445,337	117,532	429,640	455,418	482,743
Service charges - electricity revenue	2	–	106,140	114,466	126,417	126,417	110,327	21,373	143,563	152,177	161,308
Service charges - water revenue	2	–	–	–	–	–	–	–	–	–	–
Service charges - sanitation revenue	2	–	–	–	–	–	–	–	–	–	–
Service charges - refuse revenue	2	–	41,431	48,696	62,635	62,635	56,133	14,966	71,393	75,677	80,217
Rental of facilities and equipment		–	2,791	2,662	3,533	3,533	2,736	8,061	2,762	2,942	3,132
Interest earned - external investments		–	5,251	3,618	20,192	4,703	3,183	(14,100)	4,985	5,284	5,601
Interest earned - outstanding debtors		–	11,498	12,578	468	12,887	17,971	2,920	13,812	14,539	15,415
Dividends received		–	–	–	–	–	–	–	–	–	–
Fines, penalties and forfeits		–	83,939	8,199	86,587	12,591	2,012	286	13,521	14,352	15,231
Licences and permits		–	3,823	6,024	11,100	1,901	6,886	1,488	2,305	2,442	2,574
Agency services		–	4,817	3,429	6,000	8,985	3,597	793	9,524	10,096	10,701
Transfers and subsidies		–	195,660	258,802	218,970	221,763	219,283	87,009	358,926	397,927	535,854
Other revenue	2	–	14,778	10,070	31,506	33,552	21,209	11,514	36,933	39,227	41,606
Gains on disposal of PPE		–	–	–	–	–	–	–	–	–	–
Total Revenue (excluding capital transfers and contributions)		**–**	**786,246**	**858,362**	**972,164**	**894,255**	**888,675**	**251,841**	**1,087,364**	**1,170,080**	**1,354,382**
Expenditure By Type											
Employee related costs	2	–	324,070	358,167	359,939	378,898	334,747	30,096	413,959	438,356	468,674
Remuneration of councillors		–	22,044	25,954	30,943	28,856	25,647	4,551	30,876	33,037	35,350
Debt impairment	3	–	126,158	36,465	3,200	5,989	3,545	395	12,211	13,183	14,238
Depreciation & asset impairment	2	–	61,710	134,674	62,000	58,900	–	–	56,400	60,200	63,798
Finance charges		–	3,130	–	–	–	1,625	–	–	–	–
Bulk purchases	2	–	75,594	87,168	86,620	86,620	82,707	10,578	94,676	100,357	106,378
Other materials	8	–	33,442	6,444	5,556	5,889	4,408	611	5,461	5,797	6,147
Contracted services		–	32,290	285,449	392,399	301,822	243,600	38,535	277,573	318,807	436,221
Transfers and subsidies		–	–	39,126	4,705	5,570	4,282	973	12,795	13,092	14,232
Other expenditure	4, 5	–	219,349	–	–	–	–	–	134,963	143,791	152,903
Loss on disposal of PPE		–	–	–	–	–	–	–	–	–	–
Total Expenditure		**–**	**897,786**	**973,447**	**945,363**	**872,544**	**700,561**	**85,738**	**1,038,916**	**1,126,620**	**1,297,941**
Surplus/(Deficit)		**–**	**(111,540)**	**(115,085)**	**26,801**	**21,711**	**188,114**	**166,103**	**48,448**	**43,460**	**56,440**
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		–	96,720	86,798	197,500	207,587	101,887	42,030	82,795	77,138	81,526
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher	6	–	–	–	–	–	–	–	–	–	–
Transfers and subsidies - capital (in-kind - all)		–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions		**–**	**(14,821)**	**(28,287)**	**224,301**	**229,298**	**290,001**	**208,134**	**131,243**	**120,598**	**137,966**
Taxation		–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after taxation		**–**	**(14,821)**	**(28,287)**	**224,301**	**229,298**	**290,001**	**208,134**	**131,243**	**120,598**	**137,966**
Attributable to minorities		–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) attributable to municipality		**–**	**(14,821)**	**(28,287)**	**224,301**	**229,298**	**290,001**	**208,134**	**131,243**	**120,598**	**137,966**
Share of surplus/ (deficit) of associate	7	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year		**–**	**(14,821)**	**(28,287)**	**224,301**	**229,298**	**290,001**	**208,134**	**131,243**	**120,598**	**137,966**

Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)

1. Total operating revenue is R1, 087 billion and total capital revenue is R82.8 million in 2019/20
2. Total revenue for 2019/20 financial year is R 1.18 billion.
3. Revenue to be generated from property rates is R430 million in the 2019/20 financial year therefore remains a main funding source for the municipality.
4. Transfers recognized – operating includes the local government equitable share and other operating grants from national and provincial government amounts to R359 million. It needs to be noted that in real terms the grants receipts from national government are growing rapidly over the MTREF. The municipality is not grant dependent since major part of revenue is own funding however we still has to ensure that we collect every single cent that is due to us.

Table 12 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

KZN216 Ray Nkonyeni - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding

Vote Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Capital expenditure - Vote											
Multi-year expenditure *to be appropriated*	2										
Vote 1 - BUDGET AND TREASURY		–	–	–	–	–	–	–	–	–	–
Vote 2 - TECHNICAL SERVICES		–	–	–	–	–	–	–	–	–	–
Vote 3 - CORPORATE SERVICES		–	–	–	–	–	–	–	–	–	–
Vote 4 - STRATEGIC PLANNING		–	–	–	–	–	–	–	–	–	–
Vote 5 - ECONOMIC DEVELOPMENT AND PLANNIN		–	–	–	–	–	–	–	–	–	–
Vote 6 - PUBLIC SAFETY		–	–	–	–	–	–	–	–	–	–
Vote 7 - COMMUNITY SERVICES		–	–	–	–	–	–	–	–	–	–
Vote 8 - NULL		–	–	–	–	–	–	–	–	–	–
Vote 9 - NULL		–	–	–	–	–	–	–	–	–	–
Vote 10 - NULL		–	–	–	–	–	–	–	–	–	–
Vote 11 - NULL		–	–	–	–	–	–	–	–	–	–
Vote 12 - NULL		–	–	–	–	–	–	–	–	–	–
Vote 13 - NULL		–	–	–	–	–	–	–	–	–	–
Vote 14 - NULL		–	–	–	–	–	–	–	–	–	–
Vote 15 - NULL		–	–	–	–	–	–	–	–	–	–
Capital multi-year expenditure sub-total	7	–	–	–	–	–	–	–	–	–	–
Single-year expenditure *to be appropriated*	2										
Vote 1 - BUDGET AND TREASURY		–	–	256	273	504	648	256	323	278	278
Vote 2 - TECHNICAL SERVICES		–	–	38,499	189,311	191,864	617,944	113,092	69,830	45,478	60,042
Vote 3 - CORPORATE SERVICES		–	–	127	255	559	380	127	229	206	206
Vote 4 - STRATEGIC PLANNING		–	–	1,128	9,393	9,060	6,988	1,145	25,897	12,968	8,018
Vote 5 - ECONOMIC DEVELOPMENT AND PLANNIN		–	–	21,489	5,638	5,613	1,545	21,569	15,573	522	522
Vote 6 - PUBLIC SAFETY		–	–	403	711	640	11	403	640	576	576
Vote 7 - COMMUNITY SERVICES		–	–	20,994	17,550	19,413	62,406	25,118	17,602	9,565	6,116
Vote 8 - NULL		–	–	–	–	–	–	–	–	–	–
Vote 9 - NULL		–	–	–	–	–	–	–	–	–	–
Vote 10 - NULL		–	–	–	–	–	–	–	–	–	–
Vote 11 - NULL		–	–	–	–	–	–	–	–	–	–
Vote 12 - NULL		–	–	–	–	–	–	–	–	–	–
Vote 13 - NULL		–	–	–	–	–	–	–	–	–	–
Vote 14 - NULL		–	–	–	–	–	–	–	–	–	–
Vote 15 - NULL		–	–	–	–	–	–	–	–	–	–
Capital single-year expenditure sub-total		–	–	82,896	223,131	227,653	689,921	161,710	130,094	69,593	75,758
Total Capital Expenditure - Vote		–	–	82,896	223,131	227,653	689,921	161,710	130,094	69,593	75,758
Capital Expenditure - Functional											
Governance and administration		–	–	1,490	880	1,095	2,024	1,490	900	797	797
Executive and council		–	–	1,084	100	90	211	1,084	70	63	63
Finance and administration		–	–	406	780	1,005	1,813	406	830	734	734
Internal audit		–	–	–	–	–	–	–	–	–	–
Community and public safety		–	–	16,704	141,171	151,015	424,206	68,729	15,791	7,707	4,207
Community and social services		–	–	16,484	17,050	19,145	62,263	18,669	15,782	7,699	4,199
Sport and recreation		–	–	0	–	–	–	1,937	–	–	–
Public safety		–	–	206	–	–	–	206	–	–	–
Housing		–	–	13	124,121	131,870	361,943	47,916	9	8	8
Health		–	–	–	–	–	–	–	–	–	–
Economic and environmental services		–	–	54,982	54,107	48,622	186,952	65,154	80,463	37,612	39,287
Planning and development		–	–	21,490	14,679	14,311	7,537	21,588	31,938	13,222	8,272
Road transport		–	–	33,367	39,428	34,311	179,415	43,442	47,725	23,542	30,116
Environmental protection		–	–	124	–	–	–	124	800	848	899
Trading services		–	–	–	–	–	–	–	23,706	23,477	31,467
Energy sources		–	–	–	–	–	–	–	22,686	22,459	30,449
Water management		–	–	–	–	–	–	–	–	–	–
Waste water management		–	–	–	–	–	–	–	–	–	–
Waste management		–	–	–	–	–	–	–	1,020	1,018	1,018
Other		–	–	–	–	–	–	–	9,235	–	–
Total Capital Expenditure - Functional	3	–	–	73,176	196,159	200,733	613,182	135,373	130,094	69,593	75,758
Funded by:											
National Government		–	–	(73,952)	–	–	–	(22,446)	80,795	69,593	75,758
Provincial Government		–	–	(745)	–	–	–	11,047	3,000	–	–
District Municipality		–	–	–	–	–	–	–	–	–	–
Other transfers and grants		–	–	–	–	–	–	–	–	–	–
Transfers recognised - capital	4	–	–	(74,697)	–	–	–	(11,399)	83,795	69,593	75,758
Borrowing	6	–	–	–	–	–	–	–	–	–	–
Internally generated funds		–	–	(165)	–	–	–	165	46,299	–	–
Total Capital Funding	7	–	–	(74,862)	–	–	–	(11,234)	130,094	69,593	75,758

Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

- Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
- The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations.
- Single-year capital expenditure has been appropriated at R130 million for the 2019/20 financial year.
- Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the municipality. For the purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.
- The capital programme is funded from capital and provincial grants and transfers and internally generated funds

Table 13 MBRR Table A6 - Budgeted Financial Position

KZN216 Ray Nkonyeni - Table A6 Budgeted Financial Position

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
ASSETS											
Current assets											
Cash		–	20,372	(8,226)	26,624	65,249	65,249	–	88,828	226,097	96,042
Call investment deposits	1	–	–	73,233	281,539	187,461	187,461	–	61,551	64,964	–
Consumer debtors	1	–	–	183,005	31,177	31,177	31,177	–	22,786	24,404	26,132
Other debtors		–	8,735	74,436	214,811	214,811	214,811	–	2,901	3,065	3,240
Current portion of long-term receivables		–	680	3,453	680	680	680	–	680	680	680
Inventory	2	–	3,367	15,168	5,224	5,224	5,224	–	5,224	5,224	5,224
Total current assets		–	33,153	341,068	560,056	504,603	504,603	–	181,971	324,433	131,317
Non current assets											
Long-term receivables		–	7,157	6,655	7,157	7,157	7,157	–	7,157	7,157	7,157
Investments		–	–	–	–	–	–	–	–	–	–
Investment property		–	235,788	–	235,621	235,621	235,621	–	235,621	235,621	235,621
Investment in Associate		–	–	–	–	–	–	–	–	–	–
Property, plant and equipment	3	–	–	1,472,577	1,395,703	1,494,599	1,494,599	–	1,568,293	1,577,685	1,589,645
Biological		–	–	–	–	–	–	–	–	–	–
Intangible		–	354	–	354	354	354	–	354	354	354
Other non-current assets		–	–	424,472	1,637	1,637	1,637	–	1,637	1,637	1,637
Total non current assets		–	243,300	1,903,704	1,640,472	1,739,368	1,739,368	–	1,813,062	1,822,455	1,834,414
TOTAL ASSETS		–	276,453	2,244,771	2,200,528	2,243,971	2,243,971	–	1,995,033	2,146,888	1,965,731
LIABILITIES											
Current liabilities											
Bank overdraft	1	–	–	–	–	–	–	–	–	–	–
Borrowing	4	–	–	9,995	10,220	10,220	10,220	–	13,928	5,403	–
Consumer deposits		–	22,926	23,108	282,963	282,963	282,963	–	282,963	282,963	282,963
Trade and other payables	4	–	–	161,882	242,582	242,582	242,582	–	5,186	5,320	5,462
Provisions		–	39,506	4,990	83,712	83,712	83,712	–	83,712	83,712	83,712
Total current liabilities		–	62,432	199,975	619,476	619,476	619,476	–	385,789	377,397	372,136
Non current liabilities											
Borrowing		–	–	11,236	11,357	11,357	11,357	–	11,357	11,357	11,357
Provisions		–	–	128,141	128,838	128,838	128,838	–	128,838	128,838	128,838
Total non current liabilities		–	–	139,377	140,195	140,195	140,195	–	140,195	140,195	140,195
TOTAL LIABILITIES		–	62,432	339,352	759,672	759,672	759,672	–	525,984	517,593	512,332
NET ASSETS	5	–	214,021	1,905,419	1,440,856	1,484,299	1,484,299	–	1,469,048	1,629,295	1,453,400
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		–	(14,821)	1,568,302	224,301	229,298	229,298	–	131,243	120,598	137,966
Reserves	4	–	228,842	337,117	1,216,555	1,255,001	1,255,001	–	1,337,805	1,508,698	1,315,434
TOTAL COMMUNITY WEALTH/EQUITY	5	–	214,021	1,905,419	1,440,856	1,484,299	1,484,299	–	1,469,048	1,629,295	1,453,400

Explanatory notes to Table A6 - Budgeted Financial Position

- Table A6 is consistent with international standards of good financial management practice, and improves understand ability for councillors and management of the impact of the budget on the statement of financial position (balance sheet).
- This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
- Call investments deposits;
- Consumer debtors;
- Property, plant and equipment;
- Trade and other payables;
- Provisions non -current;
- Changes in net assets; and
- Reserves

The statement of financial position shows that the municipality is financially health as assets exceeds liabilities.

Table 14 MBRR Table A7 - Budgeted Cash Flow Statement

KZN216 Ray Nkonyeni - Table A7 Budgeted Cash Flows

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		–	142,528	247,704	396,662	317,330	317,330	–	452,616	480,013	509,077
Service charges		–	178,819	117,122	177,699	168,814	168,814	–	214,766	227,663	241,323
Other revenue		–	59,820	30,384	56,686	53,852	53,852	–	67,947	72,124	76,484
Government - operating	1	–	264,852	258,802	232,938	221,234	221,234	–	358,926	397,927	535,854
Government - capital	1	–	–	86,798	182,163	211,116	211,116	–	82,795	77,138	81,526
Interest		–	5,251	16,196	19,407	15,526	15,526	–	18,796	19,823	21,016
Dividends		–	–	–		–	–	–	–	–	–
Payments											
Suppliers and employees		–	(449,577)	(551,882)	(859,300)	(802,085)	(802,085)	–	(975,662)	(1,059,817)	(1,226,998)
Finance charges		–	(3,130)	–	(3,400)	–	–	–	–	–	–
Transfers and Grants	1	–	(4,949)	(39,126)	(5,903)	(5,570)	(5,570)	–	(4,960)	(4,597)	(5,018)
NET CASH FROM/(USED) OPERATING ACTIVITIES		**–**	**193,614**	**165,998**	**196,953**	**180,218**	**180,218**	**–**	**215,225**	**210,274**	**233,263**
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		–	–	–	–	–	–	–	–	–	–
Decrease (Increase) in non-current debtors		–	–	(6,655)	–	–	–	–	–	–	–
Decrease (increase) other non-current receivables		–	–	(424,472)	–	–	–	–	–	–	–
Decrease (increase) in non-current investments		–	–	–	–	–	–	–	–	–	–
Payments											
Capital assets		–	(103,176)	(82,896)	(223,131)	(227,653)	(227,653)	–	(130,094)	(69,593)	(75,758)
NET CASH FROM/(USED) INVESTING ACTIVITIES		**–**	**(103,176)**	**(514,022)**	**(223,131)**	**(227,653)**	**(227,653)**	**–**	**(130,094)**	**(69,593)**	**(75,758)**
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		–	–	(3,453)	–	–	–	–	–	–	–
Borrowing long term/refinancing		–	–	21,231	–	–	–	–	–	–	–
Increase (decrease) in consumer deposits		–	–	23,108	22,926	25,426	25,426	–	–	–	–
Payments											
Repayment of borrowing		–	(6,778)	–	(10,223)	(8,000)	(8,000)	–	–	–	–
NET CASH FROM/(USED) FINANCING ACTIVITIES		**–**	**(6,778)**	**40,886**	**12,704**	**17,426**	**17,426**	**–**	**–**	**–**	**–**
NET INCREASE/ (DECREASE) IN CASH HELD		**–**	**83,659**	**(307,138)**	**(13,474)**	**(30,009)**	**(30,009)**	**–**	**85,130**	**140,681**	**157,506**
Cash/cash equivalents at the year begin:	2	**–**	**9,898**	**–**	**93,557**	**95,257**	**95,257**	**–**	**65,249**	**150,379**	**291,061**
Cash/cash equivalents at the year end:	2	**–**	**93,557**	**(307,138)**	**80,083**	**65,249**	**65,249**	**–**	**150,379**	**291,061**	**448,566**

Table 15 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

KZN216 Ray Nkonyeni - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Cash and investments available											
Cash/cash equivalents at the year end	1	–	93,557	(307,138)	80,083	65,249	65,249	–	150,379	291,061	448,566
Other current investments > 90 days		–	(73,185)	372,144	228,081	187,462	187,462	–	–	–	(352,524)
Non current assets - Investments	1	–	–	–	–	–	–	–	–	–	–
Cash and investments available:		**–**	**20,372**	**65,006**	**308,163**	**252,710**	**252,710**	**–**	**150,379**	**291,061**	**96,042**
Application of cash and investments											
Unspent conditional transfers		–	–	8,787	–	–	–	–	–	–	–
Unspent borrowing		–	–	–	–	–	–		–	–	–
Statutory requirements	2										
Other working capital requirements	3	–	(10,349)	(27,912)	24,647	37,880	37,394	–	(28,199)	(29,890)	(31,694)
Other provisions											
Long term investments committed	4	–	–	–	–	–	–	–	–	–	–
Reserves to be backed by cash/investments	5										
Total Application of cash and investments:		**–**	**(10,349)**	**(19,125)**	**24,647**	**37,880**	**37,394**	**–**	**(28,199)**	**(29,890)**	**(31,694)**
Surplus(shortfall)		**–**	**30,721**	**84,132**	**283,517**	**214,831**	**215,317**	**–**	**178,578**	**320,951**	**127,736**

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. It can be seen that the cash levels of the Municipality are not stabilized over the MTREF and prior years.
4. It can be seen that in 2019/20 the cash flow start to turn around and improves again.
5. The 2019/20 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term.
6. Cash flow reflect a positive balance after defraying all the expenditure for the financial year.

Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

a. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
b. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
c. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
d. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.

e. From the table it can be seen that for the municipality is operating at a surplus.
f. Considering the requirements of section 18 of the MFMA, it can be concluded that the adopted 2019/20 MTREF was funded as it reflect a positive balance in funding measurement.
g. This reflects that the budget will be able to pay it expenditure for the current year and also be able to pay it obligations. It is assumed that all grants will be spend 100% and if not it is cash backed since our budget reflect a positive after all the current years expenditure paid and it liabilities.
h. As part of the budgeting and planning guidelines that informed the compilation of the 2019/20 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.

Table 16 MBRR Table A9 - Asset Management

KZN216 Ray Nkonyeni - Table A9 Asset Management

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
ASSET REGISTER SUMMARY - PPE (WDV)	5	–	–	–	–	–	–	–	–	–
Roads Infrastructure										
Storm water Infrastructure										
Electrical Infrastructure										
Water Supply Infrastructure										
Sanitation Infrastructure										
Solid Waste Infrastructure										
Rail Infrastructure										
Coastal Infrastructure										
Information and Communication Infrastructure										
Infrastructure		–	–	–	–	–	–	–	–	–
Community Assets										
Heritage Assets										
Investment properties										
Other Assets										
Biological or Cultivated Assets										
Intangible Assets										
Computer Equipment										
Furniture and Office Equipment										
Machinery and Equipment										
Transport Assets										
Land										
Zoo's, Marine and Non-biological Animals										
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	–	–	–	–	–	–	–	–	–
EXPENDITURE OTHER ITEMS		–	–	134,674	62,000	59,100	–	55,000	58,300	61,798
Depreciation	7	–	–	134,674	62,000	58,900	–	55,000	58,300	61,798
Repairs and Maintenance by Asset Class	3	–	–	1	–	200	–	–	–	–
Roads Infrastructure		–	–	–	–	–	–	–	–	–
Storm water Infrastructure		–	–	–	–	–	–	–	–	–
Electrical Infrastructure		–	–	1	–	–	–	–	–	–
Water Supply Infrastructure		–	–	–	–	–	–	–	–	–
Sanitation Infrastructure		–	–	–	–	–	–	–	–	–
Solid Waste Infrastructure		–	–	–	–	–	–	–	–	–
Rail Infrastructure		–	–	–	–	–	–	–	–	–
Coastal Infrastructure		–	–	–	–	–	–	–	–	–
Information and Communication Infrastructure		–	–	–	–	–	–	–	–	–
Infrastructure		–	–	*1*	–	–	–	–	–	–
Community Facilities		–	–	–	–	–	–	–	–	–
Sport and Recreation Facilities		–	–	–	–	–	–	–	–	–
Community Assets		–	–	–	–	–	–	–	–	–
Heritage Assets		–	–	–	–	–	–	–	–	–
Revenue Generating		–	–	–	–	–	–	–	–	–
Non-revenue Generating		–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Operational Buildings		–	–	–	–	–	–	–	–	–
Housing		–	–	–	–	200	–	–	–	–
Other Assets		–	–	–	–	*200*	–	–	–	–
Biological or Cultivated Assets		–	–	–	–	–	–	–	–	–
Servitudes		–	–	–	–	–	–	–	–	–
Licences and Rights		–	–	–	–	–	–	–	–	–
Intangible Assets		–	–	–	–	–	–	–	–	–
Computer Equipment		–	–	–	–	–	–	–	–	–
Furniture and Office Equipment		–	–	–	–	–	–	–	–	–
Machinery and Equipment		–	–	–	–	–	–	–	–	–
Transport Assets		–	–	–	–	–	–	–	–	–
Land		–	–	–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–
TOTAL EXPENDITURE OTHER ITEMS		–	–	134,674	62,000	59,100	–	55,000	58,300	61,798
Renewal and upgrading of Existing Assets as % of total capex		*0.0%*	*0.0%*	*13.2%*	*10.2%*	*11.9%*	*0.0%*	*12.0%*	*11.0%*	*19.4%*
Renewal and upgrading of Existing Assets as % of deprecn		*0.0%*	*0.0%*	*12.0%*	*36.9%*	*46.1%*	*0.0%*	*28.4%*	*13.1%*	*23.8%*
R&M as a % of PPE		*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.1%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*
Renewal and upgrading and R&M as a % of PPE		*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*

Explanatory notes to Table A9 - Asset Management

1 Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2 National Treasury has recommended that municipalities should allocate at least 40 per cent of the capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE. However due to the fact that there is a lack of infrastructure in the municipality major part of funds are injected to new capital projects, it does not meet this recommendation and funds are directed to new and renewal of capital asset and 3.2% to repairs and maintenance.

Basic Service Delivery Measurement

1 The municipality does not provide services such as water, sanitation, energy and refuse removal.
2 Water and sanitation is provided by UGu District municipality, energy is supplied both by municipality and Eskom.
3 Refuse removal is done in urban area and the rural part of the municipality uses its own dump site.

Assumptions used in preparation of the budget over the MTREF

Collection and expenditure rates

Property rates	98%
Penalties and Collection Charges	95%
Electricity	95%
Refuse Removal	95%
Rental of facilities	95%
Interest earned in investment	100%
Interest earned on outstanding debts	95%
Fines	7.2%
Licenses and Permits	95%
Agency Fees	100%
Transfers and Grants – operational	100%
Transfers and Grants – Capital	100%
Other revenue	80%
Expenditure	
Employee related cost	100%
Remuneration of councilors	100%
Debt impairment	100%
Bulk Purchases	95%
Finance Charges	100%
Contracted services	95%
Transfers and Grants	100%
Other Expenditure	90%
Oher Material	98%

Capital performance =100%

Year-end accruals =10% of total operating budget

=15% of capital budget

Provisions =10%

Part 3: Supporting Documentation

Overview of the annual budget process

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the MMC for Finance.

The primary aim of the Budget Steering Committee is to ensure:

1 that the process followed to compile the budget complies with legislation and good budget practices;
2 that there is proper alignment between the policy and service delivery priorities set out in the Municipality's IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
3 That the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and that the various spending priorities of the different municipal departments are properly evaluated and prioritized in the allocation of resources.

Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2011) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council the required IDP and budget time schedule on 29 August 2018. Key dates applicable to the process were:

July 2018– Prepare joint process plan for IDP, PMS and Budget and advertise draft IDFP review;
August 2018–Submit process plan to IDP forum, portfolio committees and council. Liaise with national and provincial governments for planning and budgeting process;
September 2018– Assessment of objectives, strategies and projects against cross cutting issues. Assessment of alignment of IDP strategies & projects for medium term in relation to NSDP and PGDF. Determine funding availability & requirements per sector plan and where relevant prepare business plan/ terms of reference and roll out accordingly;
October 2018 – Review and confirm objectives, strategies and projects at IDPRF workshop. Review capital, institutional, operational, maintenance projects. Estimate available resources and provide guidance for way forward for budgeting;

November 2018–Submit revised projects to Treasury. Submit first Draft IDP to IDP steering committee and council for in principle approval
December 2018 – Submit budget instructions and 2019/20 budget framework to all relevant persons. Submit draft IDP to COGTA for assessment. Preparation of summary of available funds (internal and external);
January 2019 - Council considers the 2018/2019 Mid-year Review and Adjustments Budget;
February 2019 – Assess financial feasibility of proposed new projects based on existing and potential funds. Consideration of draft budget;
March 2019 - Tabling in Council of the draft 2019/20 IDP and 2019/20 Draft MTREF for public consultation;
April 2019 – Public consultation;
May2019 –Finalisation of the 2019/20 IDP and 2019/20 MTREF, taking into consideration comments received from the public, comments from National Treasury, and updated information from the most recent Division of Revenue Bill and financial framework; and tabling of the 2019/20 MTREF before Council for consideration and approval.

There were no deviations from the key dates set out in the Budget Time Schedule tabled in Council. These are the IDP and Budget process schedule for individual municipalities and both municipality did not deviate from processes.

IDP and Service Delivery and Budget Implementation Plan

The Municipality's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the fifth revision cycle included the following key IDP processes and deliverables:

Registration of community needs;
Compilation of departmental business plans including key performance indicators and targets;
Financial planning and budgeting process;
Public participation process;
Compilation of the SDBIP, and
The review of the performance management and monitoring processes.

The IDP has been taken into a business and financial planning process leading up to the 2019/20 budget, based on the approved 2018/19 Budget, Mid-year Review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

With the compilation of the 2019/20 budget, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year and third quarter performance against the 2019/20 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

Financial Modelling and Key Planning Drivers

As part of the compilation of the 2019/20 budget, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2019/20 budget:

Municipality growth
Policy priorities and strategic objectives
Asset maintenance
Economic climate and trends (i.e. inflation)
Performance trends
The approved 2018/19 adjustments budget and performance against the SDBIP
Cash Flow Management Strategy
Debtor payment levels
Investment possibilities
The need for tariff increases versus the ability of the community to pay for services;
Improved and sustainable service delivery

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 89 and 91 has been taken into consideration in the planning and prioritisation process.

Community Consultation

The Table 2019/20 Budget as tabled before Council on 29 March 2019 for community consultation has been published on the municipality's website and hard copies has been made available at municipal offices and other community centres. In addition budget road shows will held in different municipal clusters. Inputs were also collected via suggestion box and e-mails.

All documents in the appropriate format (electronic and printed) will provided to National Treasury, and other national and provincial departments in accordance with section 23 of the MFMA, to provide an opportunity for them to make inputs.

Ward Committees were utilised to facilitate the community consultation process during April. The applicable dates and venues were published in the local newspapers. Imbizo's will be held to further ensure transparency and interaction. Other stakeholders involved in the consultation will include churches, non-governmental institutions and community-based organisations.

Submissions received during the community consultation process and additional information regarding revenue and expenditure and individual capital projects will be addressed, and where relevant considered as part of the 2019/20 final budget.

Overview of alignment of annual budget with IDP

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-

term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the Municipality, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that the Municipality's strategically complies with the key national and provincial priorities.

The aim of this revision cycle was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the Municipality's response to these requirements.

The national and provincial priorities, policies and strategies of importance include amongst others:

Green Paper on National Strategic Planning of 2009;
Government Programme of Action;
Development Facilitation Act of 1995;
Provincial Growth and Development Strategy (GGDS);
National and Provincial spatial development perspectives;
Relevant sector plans such as transportation, legislation and policy;
National Key Performance Indicators (NKPIs);
Accelerated and Shared Growth Initiative (ASGISA);
National Development Plan (NDP)
National Spatial Development Perspective (NSDP) and
The National Priority Outcomes.

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. The following table highlights the IDP's six strategic objectives for the 2019/20 Budget and further planning refinements that have directly informed the compilation of the budget:

IDP Strategic Objectives

2019/20 Financial Year

1.	Financial Viability
2.	Basic Service delivery and infrastructure
3.	Good governance and public participation
4.	Local economic Development
5.	Municipal transformation and institutional development
6.	Spatial analysis and environmental management

In order to ensure integrated and focused service delivery between all spheres of government it was important for the Municipality to align its budget priorities with that of national and provincial government. All spheres of government place a high priority on infrastructure development, economic development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements.

In line with the MSA, the IDP constitutes a single, inclusive strategic plan for the Municipality. The five-year programme responds to the development challenges and opportunities faced by the Municipality by identifying the key performance areas to achieve the five the strategic objectives mentioned above.

In addition to the five-year IDP, the municipality undertakes an extensive planning and developmental strategy which primarily focuses on a longer-term horizon; 15 to 20 years. This process is aimed at influencing the development path by proposing a substantial programme of public-led investment to restructure current patterns of settlement, activity and access to resources in the Municipality so as to promote greater equity and enhanced opportunity. It provides direction to the Municipality's IDP, associated sectoral plans and strategies, and the allocation of resources of the Municipality and other service delivery partners.

The 2019/20 Budget has therefore been directly informed by the IDP revision process and the following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

Table SA3 Detail financial position

KZN216 Ray Nkonyeni - Supporting Table SA3 Supportinging detail to 'Budgeted Financial Position'

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
ASSETS											
Call investment deposits											
Call deposits		–	–	73,233	281,539	187,461	187,461	–	61,551	64,964	–
Other current investments		–	–	–	–	–	–	–	–	–	–
Total Call investment deposits	2	–	–	73,233	281,539	187,461	187,461	–	61,551	64,964	–
Consumer debtors											
Consumer debtors		–	–	183,005	31,177	31,177	31,177	–	22,786	24,404	26,132
Less: Provision for debt impairment		–	–	–	–	–	–	–	–	–	–
Total Consumer debtors	2	–	–	183,005	31,177	31,177	31,177	–	22,786	24,404	26,132
Debt impairment provision											
Balance at the beginning of the year											
Contributions to the provision		–	–	–	–	–	–	–	–	–	–
Bad debts written off											
Balance at end of year		–	–	–	–	–	–	–	–	–	–
Property, plant and equipment (PPE)											
PPE at cost/valuation (excl. finance leases)		–	–	2,709,341	2,652,223	3,087,043	3,087,043	–	3,217,137	3,286,729	3,362,487
Leases recognised as PPE	3	–	–	–	–	–	–	–	–	–	–
Less: Accumulated depreciation		–	–	1,236,763	1,256,520	1,592,444	1,592,444	–	1,648,844	1,709,044	1,772,842
Total Property, plant and equipment (PPE)	2	–	–	1,472,577	1,395,703	1,494,599	1,494,599	–	1,568,293	1,577,685	1,589,645
LIABILITIES											
Current liabilities - Borrowing											
Short term loans (other than bank overdraft)		–	–	9,995	–	–	–	–	–	–	–
Current portion of long-term liabilities		–	–	–	10,220	10,220	10,220	–	13,928	5,403	–
Total Current liabilities - Borrowing		–	–	9,995	10,220	10,220	10,220	–	13,928	5,403	–
Trade and other payables											
Trade Payables	5	–	–	147,228	239,582	239,582	239,582	–	2,186	2,320	2,462
Other creditors		–	–	–	3,000	3,000	3,000	–	3,000	3,000	3,000
Unspent conditional transfers		–	–	8,787	–	–	–	–	–	–	–
VAT		–	–	5,867	–	–	–	–	–	–	–
Total Trade and other payables	2	–	–	161,882	242,582	242,582	242,582	–	5,186	5,320	5,462
Non current liabilities - Borrowing											
Borrowing	4	–	–	11,164	11,357	11,357	11,357	–	11,357	11,357	11,357
Finance leases (including PPP asset element)		–	–	72	–	–	–	–	–	–	–
Total Non current liabilities - Borrowing		–	–	11,236	11,357	11,357	11,357	–	11,357	11,357	11,357
Provisions - non-current											
Retirement benefits		–	–	–	–	–	–	–	–	–	–
List other major provision items											
Refuse landfill site rehabilitation		–	–	35,093	94,669	94,669	94,669	–	94,669	94,669	94,669
Other		–	–	93,048	34,169	34,169	34,169	–	34,169	34,169	34,169
Total Provisions - non-current		–	–	128,141	128,838	128,838	128,838	–	128,838	128,838	128,838
CHANGES IN NET ASSETS											
Accumulated Surplus/(Deficit)											
Accumulated Surplus/(Deficit) - opening balance		–	–	1,596,588	–	–	–	–	–	–	–
GRAP adjustments											
Restated balance		–	–	1,596,588	–	–	–	–	–	–	–
Surplus/(Deficit)		–	(14,821)	(28,287)	224,301	229,298	290,001	208,134	131,243	120,598	137,966
Appropriations to Reserves		–	–	–	–	–	–	–	–	–	–
Transfers from Reserves		–	–	–	–	–	–	–	–	–	–
Depreciation offsets											
Other adjustments											
Accumulated Surplus/(Deficit)	1	–	(14,821)	1,568,302	224,301	229,298	290,001	208,134	131,243	120,598	137,966
Reserves											
Housing Development Fund		–	–	–	–	–	–	–	–	–	–
Capital replacement		–	–	–	–	–	–	–	–	–	–
Self-insurance		–	–	–	–	–	–	–	–	–	–
Other reserves		–	–	–	–	–	–	–	–	–	–
Revaluation		–	228,842	337,117	1,216,555	1,255,001	1,255,001	–	1,337,805	1,508,698	1,315,434
Total Reserves	2	–	228,842	337,117	1,216,555	1,255,001	1,255,001	–	1,337,805	1,508,698	1,315,434
TOTAL COMMUNITY WEALTH/EQUITY	2	–	214,021	1,905,419	1,440,856	1,484,299	1,545,002	208,134	1,469,048	1,629,295	1,453,400

Explanatory notes to Table SA3

This table is a supporting table to table A6 and it has detailed information that is summarized in table A6.

Table SA4 Reconciliation of IDP strategic objectives and Budget

Strategic Objective	Goal	Goal Code	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
R thousand				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Good Governance and Public Participation	Clean administration & sound public participation			–	882,965	945,160	226,684	226,684	226,684	205,608	222,456	241,076
				–	–	–	6,698	6,698	6,698			
				–	–	–						
Basic Service delivery and Infrastructure	Electricty , Roads , Housing and accelerate capital expenditure						7,550	7,550	7,550			
Local Economic Development	Youth empowerment,LED strategy,supporting SMMEs						404,757	404,757	404,757			
Municipal Financial Viability and Management	Sound financial management						22,814	22,814	22,814			
							128,995	128,995	128,995	964,551	1,024,762	1,194,832
Spatial and Environment	Health hygienically safe environment						26,493	26,493	26,493			
	Public Safety						91,617	91,617	91,617			
	Community Facilities						254,055	186,233	74,953			
Allocations to other priorities			2									
Total Revenue (excluding capital transfers and contributions)			1	–	882,965	945,160	1,169,664	1,101,842	990,562	1,170,159	1,247,218	1,435,908

Table SA8 performance indicators

KZN216 Ray Nkonyeni - Supporting Table SA8 Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Borrowing Management											
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	0.0%	1.1%	0.0%	1.1%	0.9%	1.4%	0.0%	0.0%	0.0%	0.0%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	0.0%	1.7%	0.0%	1.4%	1.2%	1.4%	0.0%	0.0%	0.0%	0.0%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0.0%	0.0%	11.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Safety of Capital											
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%	3.3%	0.9%	0.9%	0.9%	0.0%	0.8%	0.8%	0.9%
Liquidity											
Current Ratio	Current assets/current liabilities	–	0.5	1.7	0.9	0.8	0.8	–	0.5	0.9	0.4
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	–	0.5	1.7	0.9	0.8	0.8	–	0.5	0.9	0.4
Liquidity Ratio	Monetary Assets/Current Liabilities	–	0.3	0.3	0.5	0.4	0.4	–	0.4	0.8	0.3
Revenue Management											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		0.0%	69.3%	-12.0%	96.7%	81.8%	79.5%	0.0%	103.5%	103.6%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		0.0%	69.3%	66.0%	96.7%	81.8%	79.5%	0.0%	103.5%	103.6%	103.6%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	0.0%	2.1%	31.2%	26.1%	28.4%	28.6%	0.0%	3.1%	3.0%	2.7%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old										
Creditors Management											
Creditors System Efficiency	% of Creditors Paid Within Terms (within`MFMA' s 65(e))										
Creditors to Cash and Investments		0.0%	0.0%	-47.9%	299.2%	367.2%	367.2%	0.0%	1.5%	0.8%	0.5%
Other Indicators											
Electricity Distribution Losses (2)	Total Volume Losses (kW) Total Cost of Losses (Rand '000) % Volume (units purchased and generated less units sold)/units purchased and generated										
Water Distribution Losses (2)	Total Volume Losses (kℓ) Total Cost of Losses (Rand '000) % Volume (units purchased and generated less units sold)/units purchased and generated										
Employee costs	Employee costs/(Total Revenue - capital revenue)	0.0%	41.2%	41.7%	37.0%	42.4%	37.7%	12.0%	38.1%	37.5%	34.6%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	0.0%	0.0%	44.8%	40.2%	45.6%	40.6%		40.9%	40.3%	37.2%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	0.0%	4.3%	0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	0.0%	8.2%	15.7%	6.4%	6.6%	0.2%	0.0%	5.2%	5.1%	4.7%
IDP regulation financial viability indicators											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	–	36.5	20.2	32.0	32.0	32.0	8.8	36.7	36.7	38.9
ii.O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	0.0%	2.0%	47.0%	41.3%	41.3%	40.1%	0.0%	4.1%	4.1%	4.1%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	–	1.7	(4.6)	1.1	1.0	1.1	–	2.0	3.6	4.8

References

1. Consumer debtors > 12 months old are excluded from current assets

2. Only include if services provided by the municipality

Calculation data

Debtors > 90 days										
Monthly fixed operational expenditure	–	56,469	66,315	72,092	66,378	57,136	7,033	73,789	80,298	93,707
Fixed operational expenditure % assumption	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%
Own capex	–	–	157,593	223,131	227,653	689,921	173,110	130,094	69,593	75,758
Borrowing	–	–	17,778	–	–	–	–	–	–	–

Table SA13b Service Tariffs by Category

KZN216 Ray Nkonyeni - Supporting Table SA13b Service Tariffs by category - explanatory

Description	Ref	Provide description of tariff structure where appropriate	2015/16	2016/17	2017/18	Current Year 2018/19	2019/20 Medium Term Revenue & Expenditure Framework		
							Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Exemptions, reductions and rebates *(Rands)*									
rates				10,652,831	22,525,449	22,449,157	23,661,411	24,962,789	26,460,556
				2,645,860	-	-	-	-	-
				25,845,000	26,098,493	-	-	-	-
				7,314,629	38,440,018	40,090,927	42,255,837	44,579,908	47,254,703

Table SA14 Households Bills

KZN216 Ray Nkonyeni - Supporting Table SA14 Household bills

Description	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework			
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Rand/cent							% incr.			
Monthly Account for Household - 'Middle Income										
Rates and services charges:										
Property rates		21,075,684.07	21,813,333.01	21,813,333.01	21,813,333.01	0.05	2,212,946,800.0%	23,324,459.00	24,607,305.00	26,083,743.30
Electricity: Basic levy										–
Electricity: Consumption		267,640.36	277,007.78	277,007.78	277,007.78	0.07	29,584,431.0%	311,819.90	328,969.99	348,708.19
Water: Basic levy										–
Water: Consumption										–
Sanitation										–
Refuse removal		2,651,131.90	2,743,921.51	2,743,921.51	2,743,921.51	0.05	288,660,543.0%	3,042,482.12	3,209,818.64	3,402,407.76
Other										
sub-total	–	23,994,456.33	24,834,262.30	24,834,262.30	24,834,262.30	0.17	7.4%	26,678,761.02	28,146,093.63	29,834,859.25
VAT on Services										
Total large household bill:	–	23,994,456.33	24,834,262.30	24,834,262.30	24,834,262.30	0.17	7.4%	26,678,761.02	28,146,093.63	29,834,859.25
% increase/-decrease		–	3.5%	–	–	(100.0%)		15,656,549,794.4%	5.5%	6.0%

Table SA15 Investment particulars

KZN216 Ray Nkonyeni - Supporting Table SA15 Investment particulars by type

Investment type R thousand	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Parent municipality										
Securities - National Government										
Listed Corporate Bonds										
Deposits - Bank			66,888	37,144	37,144	37,144	60,317	61,551	64,964	
Deposits - Public Investment Commissioners										
Deposits - Corporation for Public Deposits										
Bankers Acceptance Certificates										
Negotiable Certificates of Deposit - Banks										
Guaranteed Endowment Policies (sinking)										
Repurchase Agreements - Banks										
Municipal Bonds										
Municipality sub-total	1	–	66,888	37,144	37,144	37,144	60,317	61,551	64,964	–

Table SA17 Borrowings

KZN216 Ray Nkonyeni - Supporting Table SA17 Borrowing

Borrowing - Categorised by type	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Parent municipality										
Annuity and Bullet Loans										
Long-Term Loans (non-annuity)			28,441	20,486	20,486	20,486	21,577	13,928	5,403	–
Local registered stock										
Instalment Credit										
Financial Leases										
PPP liabilities										
Finance Granted By Cap Equipment Supplier										
Marketable Bonds										
Non-Marketable Bonds										
Bankers Acceptances										
Financial derivatives										
Other Securities										
Municipality sub-total	1	**–**	**28,441**	**20,486**	**20,486**	**20,486**	**21,577**	**13,928**	**5,403**	**–**
Entities										
Annuity and Bullet Loans										
Long-Term Loans (non-annuity)										
Local registered stock										
Instalment Credit										
Financial Leases										
PPP liabilities										
Finance Granted By Cap Equipment Supplier										
Marketable Bonds										
Non-Marketable Bonds										
Bankers Acceptances										
Financial derivatives										
Other Securities										
Entities sub-total	1	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total Borrowing	1	**–**	**28,441**	**20,486**	**20,486**	**20,486**	**21,577**	**13,928**	**5,403**	**–**

Table SA18 Transfers and Grants Receipts

KZN216 Ray Nkonyeni - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		–	170,781	204,738	212,985	212,985	212,985	229,513	241,456	267,076
Local Government Equitable Share		–	145,299	175,566	185,324	185,324	185,324	205,608	222,456	241,076
Finance Management		–	3,562	3,600	3,600	3,600	3,600	2,500	2,000	2,000
Integrated National Electrification Programme		–	10,681	14,000	14,000	14,000	14,000	9,000	9,000	15,000
EPWP Incentive		–	2,660	3,306	4,061	4,061	4,061	4,405	–	–
Municipal Dermacation Transition Grant		–	8,579	8,266	–	–	–	–	–	–
Energy Efficiency and Demand Management		–			6,000	6,000	6,000	8,000	8,000	9,000
		–								–
Provincial Government:		–	9,140	16,702	19,953	19,953	19,953	18,374	19,111	19,947
Accreditation Grant		–	–	5,082	4,337	4,337	4,337	4,520	4,520	4,520
Museum Grant		–	334	350	368	368	368	386	407	429
Provincialisation of Libraries Grant		–	7,436	9,670	10,894	10,894	10,894	11,439	12,011	12,672
Community Library Service Grant		–	1,045	–	1,338	1,338	1,338	2,029	2,173	2,326
0		–	325	1,600	3,016	3,016	3,016	–	–	–
District Municipality:		–	–	–	144	144	–	–	–	–
[insert description]		–	–	–	–	–	–	–	–	–
		–	–	–	144	144	–	–	–	–
Other grant providers:		–	–	(150)	1,225	2,725	–	118,740	144,984	262,372
KZN Human Settlement		–	–	–	–	–	–	118,740	144,984	262,372
		–	–	(150)	1,225	2,725	–	–	–	–
Total Operating Transfers and Grants	5	–	179,921	221,290	234,307	235,807	232,938	366,627	405,551	549,395
Capital Transfers and Grants										
National Government:		–	76,618	62,615	57,301	57,301	57,301	80,795	67,464	73,375
Municipal Infrastructure Grant (MIG)		–	76,618	62,615	57,301	57,301	57,301	70,795	64,964	69,875
Neighbourhood Development Partnership		–	–	–	–	–	–	10,000	2,500	3,500
		–	–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–
Rural Transport Services and Infrastructure		–	–	–	–	–	–	–	–	–
Town Planning Grant		–	–	–	–	–	–	–	–	–
Provincial Government:		–	–	20,147	126,199	136,286	50,979	3,000	3,000	3,000
Human Settlement		–	–	20,147	126,199	136,286	50,979	–	–	–
Margate Airport Grant								3,000	3,000	3,000
District Municipality:		–	–	66,651	71,301	71,301	50,908	–	–	–
[insert description]		–	–	–	–	–	–	–	–	–
Disaster Management Grant		–	–	66,651	71,301	71,301	50,908	–	–	–
Other grant providers:		–	–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–
Total Capital Transfers and Grants	5	–	76,618	149,413	254,801	264,888	159,188	83,795	70,464	76,375
TOTAL RECEIPTS OF TRANSFERS & GRANTS		–	256,539	370,703	489,108	500,695	392,126	450,422	476,015	625,770

Explanatory notes to Table SA18 Grants and subsidies Receipts

1. This table reflects all expected grants receipts from national, provincial and other organization.

2. National treasury and provincial treasury grants are gazette in DORA and provincial gazette.

Table SA 19 Grants and subsidies Expenditure

KZN216 Ray Nkonyeni - Supporting Table SA19 Expenditure on transfers and grant programme

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
EXPENDITURE:	1									
Operating expenditure of Transfers and Grants										
National Government:		–	170,781	204,738	212,985	212,985	212,985	229,513	241,456	267,076
Local Government Equitable Share			145,299	175,566	185,324	185,324	185,324	205,608	222,456	241,076
Finance Management			3,562	3,600	3,600	3,600	3,600	2,500	2,000	2,000
Integrated National Electrification Programme			10,681	14,000	14,000	14,000	14,000	9,000	9,000	15,000
EPWP Incentive			2,660	3,306	4,061	4,061	4,061	4,405	–	–
Municipal Dermacation Transition Grant			8,579	8,266	–	–	–	–	–	–
Energy Efficiency and Demand Management					6,000	6,000	6,000	8,000	8,000	9,000
0										
Provincial Government:		–	9,140	16,702	19,953	19,953	19,953	18,374	19,111	19,947
Accreditation Grant			–	5,082	4,337	4,337	4,337	4,520	4,520	4,520
Museum Grant			334	350	368	368	368	386	407	429
Provincialisation of Libraries Grant			7,436	9,670	10,894	10,894	10,894	11,439	12,011	12,672
Community Library Service Grant			1,045	–	1,338	1,338	1,338	2,029	2,173	2,326
0			325	1,600	3,016	3,016	3,016	–	–	–
District Municipality:		–	–	–	144	144	–	–	–	–
[insert description]			–	–	–	–	–	–	–	–
			–	–	144	144	–	–	–	–
Other grant providers:		–	–	(150)	1,225	2,725	–	118,740	144,984	262,372
KZN Human Settlement			–	–	–	–	–	118,740	144,984	262,372
			–	(150)	1,225	2,725	–	–	–	–
Total operating expenditure of Transfers and Grants		–	179,921	221,290	234,307	235,807	232,938	366,627	405,551	549,395
Capital expenditure of Transfers and Grants										
National Government:		–	76,618	62,615	57,301	57,301	57,301	80,795	67,464	73,375
Municipal Infrastructure Grant (MIG)			76,618	62,615	57,301	57,301	57,301	70,795	64,964	69,875
Neighbourhood Development Partnership			–	–	–	–	–	10,000	2,500	3,500
Rural Transport Services and Infrastructure										
Town Planning Grant										
Provincial Government:		–	–	–	–	–	–	3,000	3,000	3,000
Human Settlement										
Margate Airport Grant								3,000	3,000	3,000
District Municipality:		–	–	66,651	71,301	71,301	50,908	–	–	–
[insert description]		–	–	66,651	71,301	71,301	50,908	–	–	–
Other grant providers:		–	–	–	–	–	–	–	–	–
0										
Total capital expenditure of Transfers and Grants		–	76,618	129,266	128,602	128,602	108,209	83,795	70,464	76,375
TOTAL EXPENDITURE OF TRANSFERS AND GRAN		–	256,539	350,556	362,909	364,409	341,147	450,422	476,015	625,770

Table SA20 Reconciliation of transfers, grant receipts and unspent funds

KZN216 Ray Nkonyeni - Supporting Table SA20 Reconciliation of transfers, grant receipts and unspent funds

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Operating transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		–	–	–	–	–	–	–	–	–
Conditions still to be met - transferred to liabilities										
Provincial Government:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		–	–	–	–	–	–	–	–	–
Conditions still to be met - transferred to liabilities										
District Municipality:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		–	–	–	–	–	–	–	–	–
Conditions still to be met - transferred to liabilities										
Other grant providers:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		–	–	–	–	–	–	–	–	–
Conditions still to be met - transferred to liabilities										
Total operating transfers and grants revenue		–	–	–	–	–	–	–	–	–
Total operating transfers and grants - CTBM	2	–	–	–	–	–	–	–	–	–
Capital transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		–	–	–	–	–	–	–	–	–
Conditions still to be met - transferred to liabilities										
Provincial Government:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		–	–	–	–	–	–	–	–	–
Conditions still to be met - transferred to liabilities										
District Municipality:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		–	–	–	–	–	–	–	–	–
Conditions still to be met - transferred to liabilities										
Other grant providers:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		–	–	–	–	–	–	–	–	–
Conditions still to be met - transferred to liabilities										
Total capital transfers and grants revenue		–	–	–	–	–	–	–	–	–
Total capital transfers and grants - CTBM	2	–	–	–	–	–	–	–	–	–
TOTAL TRANSFERS AND GRANTS REVENUE		–	–	–	–	–	–	–	–	–
TOTAL TRANSFERS AND GRANTS - CTBM		–	–	–	–	–	–	–	–	–

Table SA21 Grants and Subsidy made by the Municipality

KZN216 Ray Nkonyeni - Supporting Table SA21 Transfers and grants made by the municipality

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Cash Transfers to other municipalities											
	1	–	–	–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–	–
Total Cash Transfers To Municipalities:		–	–	–	–	–	–	–	–	–	–
Cash Transfers to Entities/Other External Mechanisms											
0	2	–	–	–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–	–
Total Cash Transfers To Entities/Ems'		–	–	–	–	–	–	–	–	–	–
Cash Transfers to other Organs of State											
0	3	–	–	–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–	–
Total Cash Transfers To Other Organs Of State:		–	–	–	–	–	–	–	–	–	–
Cash Transfers to Organisations											
ugu south coast tourism, golf tournament etc		–	–	39,126	4,705	5,570	4,282	973	12,795	13,092	14,232
		–	–	–	–	–	–	–	–	–	–
Total Cash Transfers To Organisations		–	–	39,126	4,705	5,570	4,282	973	12,795	13,092	14,232
Cash Transfers to Groups of Individuals											
0		–	–	–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–	–
Total Cash Transfers To Groups Of Individuals:		–	–	–	–	–	–	–	–	–	–
TOTAL CASH TRANSFERS AND GRANTS	6	–	–	–	4,705	5,570	4,282	973	12,795	13,092	14,232

Table SA22 Councilors and Staff Benefits

KZN216 Ray Nkonyeni - Supporting Table SA22 Summary councillor and staff benefits

Summary of Employee and Councillor remuneration	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
		A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other	1									
Basic Salaries and Wages		–	–	21,438	27,872	24,351	21,642	26,055	27,879	29,831
Pension and UIF Contributions		–	–	–	–	–	–	–	–	–
Medical Aid Contributions		–	–	–	–	–	–	–	–	–
Motor Vehicle Allowance		–	–	2,600	–	–	–	–	–	–
Cellphone Allowance		–	–	1,916	3,071	4,505	4,006	4,821	5,158	5,519
Housing Allowances		–	–	–	–	–	–	–	–	–
Other benefits and allowances		–	–	–	–	–	–	–	–	–
Sub Total - Councillors		**–**	**–**	**25,954**	**30,943**	**28,856**	**25,647**	**30,876**	**33,037**	**35,350**
% increase	4		**–**	**–**	**19.2%**	**(6.7%)**	**(11.1%)**	**20.4%**	**7.0%**	**7.0%**
Senior Managers of the Municipality	2									
Basic Salaries and Wages		–	–	–	–	–	–	–	–	–
Pension and UIF Contributions		–	–	–	–	–	–	–	–	–
Medical Aid Contributions		–	–	–	–	–	–	–	–	–
Overtime		–	–	–	–	–	–	–	–	–
Performance Bonus		–	–	–	–	–	–	–	–	–
Motor Vehicle Allowance	3	–	–	–	–	–	–	–	–	–
Cellphone Allowance	3	–	–	–	–	–	–	–	–	–
Housing Allowances	3	–	–	–	–	–	–	–	–	–
Other benefits and allowances	3	–	–	–	–	–	–	–	–	–
Payments in lieu of leave		–	–	–	–	–	–	–	–	–
Long service awards		–	–	–	–	–	–	–	–	–
Post-retirement benefit obligations	6	–	–	–	–	–	–	–	–	–
Sub Total - Senior Managers of Municipality		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
% increase	4		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Other Municipal Staff										
Basic Salaries and Wages		–	–	285,503	291,065	306,356	271,541	340,310	359,731	384,681
Pension and UIF Contributions		–	–	1,888	2,087	1,936	1,734	2,072	2,217	2,372
Medical Aid Contributions		–	–	16,192	19,027	16,858	15,164	18,048	19,310	20,659
Overtime		–	–	18,909	14,030	19,030	17,575	16,211	17,182	18,200
Performance Bonus		–	–	18,903	18,176	16,707	12,500	17,818	19,065	20,400
Motor Vehicle Allowance	3	–	–	13,537	13,339	14,819	13,400	16,065	17,173	18,426
Cellphone Allowance	3	–	–	–	–	–	–	–	–	–
Housing Allowances	3	–	–	3,236	2,095	3,191	2,832	3,437	3,678	3,936
Other benefits and allowances	3	–	–	–	–	–	–	–	–	–
Payments in lieu of leave		–	–	–	–	–	–	–	–	–
Long service awards		–	–	–	–	–	–	–	–	–
Post-retirement benefit obligations	6	–	–	–	120	–	–	–	–	–
Sub Total - Other Municipal Staff		**–**	**–**	**358,167**	**359,939**	**378,898**	**334,747**	**413,959**	**438,356**	**468,674**
% increase	4		**–**	**–**	**0.5%**	**5.3%**	**(11.7%)**	**23.7%**	**5.9%**	**6.9%**
Total Parent Municipality		**–**	**–**	**384,121**	**390,882**	**407,754**	**360,394**	**444,835**	**471,393**	**504,024**

Explanatory notes to Table SA22 Councilors and Staff Benefits

1. The remuneration of councilors and staff are as per the councilor's upper limit approved by the MEC and staff as per SALGA respectively.

Table SA36 List of Capital Projects

KZN216 Ray Nkonyeni - Supporting Table SA36 Detailed capital budget

R thousand				2019/20 Medium Term Revenue & Expenditure Framework		
Function	Project Description	Audited Outcome 2017/18	Current Year 2018/19 Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Parent municipality:						
List all capital projects grouped by Function						
Transport and Roads	Shibase Road		1,478			
Transport and Roads	Kawuseni Pedestrian Bridge (Shibe to Mvolomi School)		834	2,000	750	1,000
Transport and Roads	Kawuseni Pedestrian Bridge (Godloza to Mbomvini School)		–			
Transport and Roads	Kawuseni Vehicular Bridge (Mgudlwa School)		150			
Transport and Roads	Kawuseni Vehicular Bridge (Bhuka School)		150			
Transport and Roads	Khandalesizwe to Ntshebeni Pedestrian Bridge		28			
Transport and Roads	Gadlogadla to Makhanya Road vehicular Bridge		228			
Transport and Roads	Qashela to Munga Pedestrian Bridge		228	2,500	1,000	–
Transport and Roads	Shibase Pedestrian Bridge (Near Sima's House)		228			
Transport and Roads	Ntshomela Pedestrian Bridge (Sgodaneni)		228	2,000	700	–
Transport and Roads	Esidlidlini Pedestrian Bridge (Dlovina)		228	1,500	1,000	1,324
Transport and Roads	Mjweni Pedestrain Bridge		228	1,200	500	1,000
Transport and Roads	Nyanisweni & Dumezweni Pedestrian Bridge		228			
Transport and Roads	Maqobo Pedestrian Bridge		228	2,000	500	1,000
Transport and Roads	Mbhele Vehicular Bridge		–			
Transport and Roads	Nonganjana Pedestrian Bridge		–			
Transport and Roads	Nsebesha Pedestrian Bridge		–			
Transport and Roads	Vulindlela Vehicular Bridge		–			
Transport and Roads	Ngqumbela Road and Causeway		–	300	1,200	250
Transport and Roads	Mahlal Vehicular Bridge		–			
Transport and Roads	Mbewu Pedestrian Bridge		–			
Transport and Roads	Manqoba Pedestrian Bridge		–			
Transport and Roads	Sodoma Pedestrian Bridge		–			
Transport and Roads	Marine Drive/ Knox Gore Traffic Signal		100			
Transport and Roads	Smith Street Upgrade		323	3,000	1,000	–
Transport and Roads	Mkanti Road		1,500	1,500	–	–
Transport and Roads	Thongazi Pedestrian Bridge		823	900	–	–
Transport and Roads	William Connor Street Steel Structures		–			
Transport and Roads	Rehabilitation of College Road Southbroom		–			
Transport and Roads	Tarring of Nositha Main Road		4,993	5,000	2,500	2,000
Transport and Roads	Mpakeni Road Upgrade & bridge		1,361			
Transport and Roads	Masele Pedestrain Bridge		27			
Transport and Roads	Mthin'Owomile Pedestrian Bridge		–			
Transport and Roads	Danca Pedestrian Bridge		–			
Transport and Roads	Nzama Pedestrian Bridge		–			
Transport and Roads	Ethangeni Pedestrian Bridge		–			
Transport and Roads	Fezile Mkhwanazi Stormwater		–	1,800	–	–
Transport and Roads	Dressing Pedestrian Bridge		365	300	–	–
Transport and Roads	Kwasithole Pedestrian / Vehicular Bridge		228	1,500	500	–
Transport and Roads	Mazubane Pedestrian Bridge		228	300	500	–
Transport and Roads	Bar to Ngwemabala Pedestrian Bridge		–	250	1,000	500
Transport and Roads	Madala to Mdlungwana Vehicular Bridge		–	1,000	500	–
Transport and Roads	Mbili Pedestrian Bridge		285	1,000	500	–
Transport and Roads	Tarring of Jesus Road		2,005	3,000	800	–
Transport and Roads	Bheki Gatsheni Pedestrian Bridge		–			
Transport and Roads	Mbili Pedestrian Bridge		–			
Transport and Roads	Shozi Pedestrian Bridge		–			
Transport and Roads	Mnganka Vehicular Bridge		56	1,200	500	–
Transport and Roads	Nqwane Pedestrian Bridge		56	300	500	–
Transport and Roads	Mazubane/Dikwe Pedestrian Bridge		–			
Transport and Roads	Port Shepstone CBD Pedestrian Crossings		500			
Transport and Roads	Acacia Road Stormwater - Seapark		300	2,000	–	–
Transport and Roads	Tarring of George Mbhele High Road		273	1,800	–	–
Transport and Roads	Louisiana Housing Storm water and ring road		911	2,045	3,000	5,000

Transport and Roads	Chibini Pedestrian Bridge		–			
Transport and Roads	Ntshambili Vehicular Bridge		–			
Transport and Roads	Banana Beach Pedestrian Bridge		182	500	1,000	500
Transport and Roads	Road Rehabilitation Piet Retief		7,746			
Transport and Roads	Road Rehabilitation Phase 7 (Tarred)		–			
Transport and Roads	Road Rehabilitation Phase 7 (Gravel)		4,557	7,000	4,000	10,000
Transport and Roads	Stormwater - Urban		400	1,500	1,500	1,500
Transport and Roads	Rural Stormwater		311	1,500	1,500	3,500
Transport and Roads	Bhosiki Hall Phase 2 - Parking and Stormwater		550	1,500	–	–
Transport and Roads	Bhobhoyi Organic Storage Facility		–			
Transport and Roads	Mvuzane road and Vehiclular Bridge		223	500	2,000	3,000
Community Services	Community Hall ward 30		3,445	2,250	1,000	–
Community Services	Community Hall ward 33		373	2,500	2,500	500
Community Services	Nkulu Community Hall Ward 36		228	350	1,500	1,000
Community Services	Community Hall Ward 34		911	2,500	2,000	–
Community Services	Community Hall Ward 9		3,645	2,500	500	–
Community Services	Dumezulu Community Hall Phase 2		200	200	1,500	2,000
Community Services	Community Hall Ward 5		734	3,000	500	500
Community Services	Community Hall Ward 3 (Masinenge)		228			
Community Services	Community Hall Ward 20		823	3,000	500	–
Community Services	Community Hall Ward 16		–			
Community Services	Sportsfield Waed 31		17			
Community Services	Thokothe Sportsfield Concrete Road		2,594			
Community Services	Upgrade of Mgolomi Sportfield Ward 4		716			
Community Services	Upgrade of Vusushaba Sportfield Ward 4		500	2,000	500	–
Community Services	Upgrade Domba/JB Sportfield Ward 14		6,945	1,000	–	–
Community Services	Outdoor GYM Facilities (Per Cluster)		–	1,000	1,000	2,000
Community Services	Staff Depot Ablution Facilities - Phase 3		200	1,000	1,000	500
Community Services	Nkonka Sportsfield		30			
Community Services	WARD 26 NEW COMMUNITY HALL		1,471			
Community Services	Bhambayi Sportsfield		50			
Community Services	DTS: Izotsha Memorial Park Crematorium		3,000	7,000	–	–
Electricity	Electrification Projects		6,000			
Electricity	Highmasts Installation		1,582	200	–	–
Electricity	Highmasts		–			
Electricity	Electrification Infills - Various Wards		8,000	9,000	9,000	15,000
Electricity	Installation of New Street Lights		1,556	1,000	1,000	2,000
Electricity	Mini Sub Housing Covers		200	300	300	300
Electricity	Electrical Cable replacement (Infrastructure)		500	500	500	500
Electricity	Mini Substations Replacement		500	1,000	1,000	1,000
Electricity	Inter Switches (RMU) Replacement		1,000	1,000	1,000	1,000
Electricity	Bulk Electrical Supply to New Developments (Within Distribution Area)		1,500	1,500	1,500	1,500
Electricity	Energy Effiecency DSM		6,000	7,920	7,920	8,910
Public Safety	Port Shestone Temporary Taxi Rank		5,383	5,383	–	–
Community Services	Port Shestone Fishing Pier		200	700	–	–
Public Safety	Dick King Parking Fencing		500	1,000	–	–
Departmental Capital (Computer, furniture & Machinery)			4,199	4,596	4,872	5,164
Municipal wade	NEIGHBOURHOOD DEVELOPMENT PARTNERSHIP GRANT (WARD 18)		–	10,000	2,500	3,500
Municipal wade	RATIONALISATION OF OFFICE SPACE (P/SHEPSTONE & UVONGO)		–	3,000	–	–
Municipal wade	AIRPORT RUNWAY RENEWAL			9,000	–	–
Municipal wade	BLUE FLAG FACILITIES REFUBRISHMENT			800	800	800
Municipal wade	Marburg Motor Mechanic Workshop			1,000	1,000	–
Housing	Masinenge		127,136			
Parent Capital expenditure		**–**	**223,131**	**130,094**	**70,842**	**76,748**

Legislation compliance status

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

In year reporting

Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days).

Internship programme

The Municipality is participating in the Municipal Financial Management Internship programme and has employed five interns undergoing training in various divisions of the Financial Services Department. Of the five interns four have been appointed permanently. The remaining two are still under the training and municipality has an obligation to replace the vacant positions of the three interns.

Budget and Treasury Office

The Budget and Treasury Office has been established in accordance with the MFMA.

Audit Committee

An Audit Committee is shared with other municipalities within the district and is fully functional.

Service Delivery and Implementation Plan

The detail 2019/20 draft SDBIP document will be compiled and will be tabled before council.

Annual Report

Annual report is compiled in terms of the MFMA and National Treasury requirements.

The other tables in the budget are for property rates and this information may not be consolidated since we will be using our individual valuation roll and tariffs.